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Contact Officer:

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

17 March 2021

Dear Councillor

Your attendance is requested at a meeting of the **CORPORATE GOVERNANCE AND STANDARDS COMMITTEE** on **THURSDAY, 25 MARCH 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: 874 240 916#

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:

- |                     |  |
|---------------------|--|
| <b>Place-making</b> | 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   |
| <b>Community</b>    | Supporting older, more vulnerable and less advantaged people in our community  |
|                     | Protecting our environment   |
|                     | Enhancing sporting, cultural, community, and recreational facilities   |
| <b>Innovation</b>   | 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 - 10)**

To confirm the minutes of the meeting of the Corporate Governance and Standards Committee held on 14 January 2021.

**4 CORPORATE PERFORMANCE MONITORING (Pages 11 - 50)**

**5 FINAL AUDIT FINDINGS REPORT 2019-20 (Pages 51 - 124)**

**6 BURCHATTS FARM BARN FINAL AUDIT REPORT (Pages 125 - 168)**

**7 INTERNAL AUDIT PROGRESS REPORT AND HEAD OF INTERNAL AUDIT OPINION 2020-21 (Pages 169 - 180)**

**8 INTERNAL AUDIT PLAN 2021-22 (Pages 181 - 190)**

**9 ANNUAL REPORT OF THE MONITORING OFFICER REGARDING MISCONDUCT ALLEGATIONS (Pages 191 - 200)**

**10 FINANCIAL MONITORING REPORT: APRIL 2020 TO JANUARY 2021 (Pages 201 - 268)**

**11 WORK PROGRAMME (Pages 269 - 278)**

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## CORPORATE GOVERNANCE AND STANDARDS COMMITTEE

14 January 2021

- \* 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, and Maddy Redpath were also in attendance.

### **CGS40 APOLOGIES FOR ABSENCE AND NOTIFICATION OF SUBSTITUTE MEMBERS**

An apology for absence was received from Maria Angel MBE.

### **CGS41 LOCAL CODE OF CONDUCT - DISCLOSURE OF INTERESTS**

There were no disclosures of interest.

### **CGS42 MINUTES**

The minutes of the meeting held on 19 November and the special meeting held on 26 November 2020 were approved as a correct record.

### **CGS43 GENDER PAY GAP REPORT**

The Committee was informed that the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017 imposed obligations on employers with 250 or more employees to publish information annually relating to the gender pay gap in their organisation. In particular, employers were 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.

The Committee therefore considered Guildford's Gender Pay Gap Report for 2021, which would be published on the Council's website and on a publicly accessible Government website and retained for a period of three years.

The figures in the Report, which were based on hourly rates of pay, showed that:

- the Council's female employees had an average hourly rate that was 10.3% higher than male employees' hourly rate; and
- at the mid-point within the range of hourly earnings that the Council paid its employees, female employees had an hourly rate that was 21.7% higher than male employees' hourly rate.

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The main reason for this gender pay gap was an imbalance of male and female colleagues across the services as there was a much higher proportion of men working in the Waste Collection and Parks & Landscape Services. Many of the roles within those services fell within the lower pay bands.

In response to an enquiry as to whether any comparative analysis had been done in respect of job roles performed by both male and female employees, the Lead Specialist (Human Resources) confirmed that this could be undertaken, but it would be preferable to look at conducting such analysis on completion of the current restructure.

The Committee

RESOLVED: That the Gender Pay Gap Report for the year 2021, attached at Appendix 1 to the report submitted to the Committee, be noted.

Reason:

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

**CGS44 SUMMARY OF INTERNAL AUDIT REPORTS: 1 NOVEMBER TO 31 DECEMBER 2020**

The Committee considered the report from the Council's internal audit manager (KPMG) for the period November to December 2020 which included the final audit report in respect of North Downs Housing Ltd (NDH), which had been presented in draft form at the 19 November 2020 meeting. The final report for Burchatts Farm Barn would be presented to the 25 March meeting of this Committee with additional information and a specific covering report to add some context and background to support the management responses.

In relation to NDH, KPMG had reviewed the governance arrangements used by the Council to manage NDH and assessed whether they were sufficient to monitor the performance of the subsidiary. To do this, they looked at the overarching governance model in place, the arrangements that were used to monitor the performance of the subsidiary and how issues were identified and escalated appropriately, and how individuals were held to account for implementing actions arising.

KPMG had provided partial assurance (amber/red rating) as a result of their review, which had derived from a lack of consistent and regular performance management between the Council and the subsidiary as well as there being no formalised and approved terms of reference in place for the NDH Board or Guildford Borough Council Holdings Ltd board. KPMG had agreed four recommendations with management, one of which was of a high priority.

The Committee was informed that the Board would be considering KPMG's recommendations at its next meeting. The chairman asked that details of how the recommendations were to be implemented be circulated to members of the committee following that meeting.

In relation to Burchatts Farm Barn, KPMG had been asked to review the process for disposing of community assets using Burchatts Farm Barn as a case study. The scope of their work had two objectives, first to assess the robustness of the Council's documented procedures for disposing of community assets and second to review the Council's corporate record in order to assess compliance with that stated process. KPMG had provided partial assurance (amber/red rating) as a result of their review, which had derived from a lack of consistent and codified processes for disposing of community assets and also improvements required to the corporate record to support the decision making and also to evidence the process as it proceeded.

KPMG had agreed nine recommendations with management, two of which were of a high priority.

The Committee

RESOLVED: That the summary of audit reports for the period 1 November to 31 December 2020 be noted together with the recommendations to management arising from the governance reports.

Reason:

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

**CGS45 CAPITAL AND INVESTMENT STRATEGY 2021-22 TO 2025-26**

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

Decisions made now, and during the period of the strategy on capital and treasury management would have financial consequences for the Council for many years into the future. The report therefore included details of the capital programme 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.

The Committee noted that in order to achieve the ambitious targets within the Corporate Plan, the Council needed to invest in its assets, via capital expenditure.

The Council had a current underlying need to borrow for the general fund capital programme of £400 million. No new bids had been received for 2021-22, although it was anticipated that a bid, currently estimated to be around £1 million, would be submitted in respect of the Guildford Economic Regeneration Programme.

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

All projects would be funded by general fund capital receipts, grants and contributions, reserves and, finally, borrowing. It was not currently known how each scheme would be funded and, in the case of development projects, what the delivery model would be. To ensure the Council demonstrated that its capital expenditure plans were affordable, sustainable and prudent, Prudential Indicators were set that must be monitored each year.

The capital programme included a number of significant regeneration schemes, which it was assumed would be financed from General Fund resources. However, subject to detailed design of the schemes, there might be scope to fund them from HRA resources rather than General Fund resources in due course. Detailed funding proposals for each scheme would be considered when the Outline Business Case for each scheme was presented to the Executive for approval.

The report to be presented to the Executive would include a summary of the new bid submitted, the position and profiling of the current capital programme (2020-21 to 2024-25) and the capital vision schemes.

The report had also included the Council's Minimum Revenue Provision (MRP) policy and the Prudential Indicators.

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

The budget for investment income in 2021-22 was £1.278 million, based on an average investment portfolio of £77.3 million, at an average rate of 1.57%. The budget for debt interest paid was £5.637 million, of which £5.05 million related to the HRA.

In relation to non-financial investments and investment strategy, the Executive was informed that councils could invest to support public services by lending to or buying shares in other organisations (service investments) or to earn investment income (commercial investments where this was the main purpose).

The Council had £153.4 million of investment property as per the 2019-20 Statement of Accounts, with rent receipts of £8.4 million and a current yield of 6.3%.

The Council had invested £14.3 million in its housing company – North Downs Housing (NDH), via 40% equity to Guildford Borough Council Holdings Limited (£5.7 million) (who in turn passed 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 was a repayment loan in line with the NDH business plan.

The Committee, having noted the corrections and clarifications to the report set out in the Supplementary Information Sheet circulated at the meeting,

**RESOLVED:** That the recommendations to the Executive and Council in respect of the Capital and Investment Strategy, as set out in the report submitted to the Committee, be endorsed.

#### Reason:

To enable the Council at its budget meeting on 10 February 2021, to approve

- the capital and investment strategy for 2021-22 to 2025-26; and
- the funding required for the new capital investment proposals.

### **CGS46 FINANCIAL MONITORING 2020-21 PERIOD 8 (APRIL TO NOVEMBER 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 November 2020.

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

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 £2,914,217, with support received from the Government of £2,197,153. The Government support would 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 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 November and would therefore potentially move adversely as the measures 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.



The increase in net expenditure on services, net of reserve transfers, had been £7,986,808.

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. This was 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 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 £49.596 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 £28.561 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.

Following clarification of a number of queries, the Committee:

RESOLVED: That the results of the Council's financial monitoring for the period April to November 2020, be noted.

Reason:

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

**CGS47 WORK PROGRAMME**

The Committee considered its updated 12 month rolling work programme and noted a number of suggested amendments, which were set out on the Supplementary Information Sheet.

The Committee noted that the work programme had envisaged the Audit Findings Report and the Audited Statement of Accounts for 2020-21 being considered at the meeting on 29 July 2021. It had been suggested that, with the ongoing pandemic, the deadline for finalising the 2020-21 audit of local authority accounts could be put back to 30 September 2021, although nothing had been announced officially. Officers had suggested, if that were the case, putting back the meeting scheduled for 23 September to Tuesday 28 September.

The Committee

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

25 March 2021

| Item   | Proposed change                     |
|--|-------------------------------------|
| Discussions with those charged with governance | Delete (report no longer necessary) |

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| <b>Item</b>   | <b>Proposed change</b>        |
|---|-------------------------------|
| Audit Report on the Certification of Financial Claims and Returns 2019-20: Housing Benefit Subsidy and Pooling Housing Capital Receipts | Defer to the 22 April meeting |
| Review of Financial Procedure Rules and Procurement Procedure Rules   | Defer to the 22 April meeting |

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| <b>Item</b>                         | <b>Proposed change</b>                    |
|-------------------------------------|---|
| Planning Appeals Monitoring Report: | bring forward to the 23 September meeting |

Reason:

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

The meeting finished at 8.20 pm

Signed .....

Chairman

Date .....

Corporate Governance and Standards Committee Report

Ward(s) affected: n/a

Report of Director of Strategy, Dawn Hudd

Author: Amanda Hargreaves, Performance Officer

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Lead Councillor responsible: Joss Bigmore

Tel: 07974 979369

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Date: 25 March 2021

## Performance Monitoring Report 2020-21: Quarters 1-3

### Executive Summary

Our first Performance Monitoring Report (see Appendix 1) is presented to the Corporate Governance and Standards Committee for their review and to be noted.

### Recommendation to Committee

The Committee is requested to review and note the contents of this report along with the Performance Monitoring Report for 2020-21 quarters 1-3, shown in Appendix 1.

### Reasons for Recommendation:

To support our new corporate performance monitoring framework and enable the Committee to monitor the Council's performance against key indicators, as well as review key data relating to the 'health' of the borough.

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

**Councillors please note:** should any Councillors have any queries about specific performance indicators reported in Appendix 1, please submit these to [amanda.hargreaves@guildford.gov.uk](mailto:amanda.hargreaves@guildford.gov.uk) prior to the Committee meeting to enable an explanation to be given.

### 1. Purpose of Report

- 1.1 This report is accompanied by our first Performance Monitoring Report covering quarters 1-3 of the financial year 2020-21 (shown in Appendix 1). The Committee is asked to review the attached report and note its contents.

## **2. Introduction**

- 2.1 The accompanying Performance Monitoring Report is the first report to the Committee as part of our new performance monitoring framework. The report will be submitted to Committee on a quarterly basis for review.
- 2.2. Our new performance monitoring framework has been developed over several months with input from Service Leaders and Corporate Management Team. The new dedicated Strategy and Performance team have been responsible for developing the current framework, accompanying process and reporting structure.

## **3. Strategic Priorities**

- 3.1 The Council's performance management arrangements support the priority of providing efficient, cost effective and relevant quality public services that give the community value for money.
- 3.2 The performance management framework will help the Council to deliver value for money and efficiency in our services by tracking our progress against each indicator. Over time, as trends develop, we will be able to build a bigger picture of our performance to help inform and shape future activity and decision making.
- 3.3 The new performance management framework supports all aspects of the Council's strategic priorities by ensuring that we stay on track in delivering key outcomes shown in our corporate and service plans. By monitoring key performance indicators, we can celebrate our successes and identify any broad trends or key issues. This will support us in being an efficient, focussed organisation delivering high quality services.

## **4. Background**

- 4.1 Historically, performance indicators have been gathered from a variety of service areas across the Council, but these have not been monitored or reported in a consistent way.
- 4.2 Whilst this report will focus on our corporate performance indicators, it is worth noting that we are currently monitoring our ongoing response to, and recovery from, COVID-19 as part of an index of data collated and circulated on a monthly basis. Circulation includes Councillors, Corporate Management Team, Officers and interested stakeholders. Alongside this we submit data as part of Surrey Chief Executives benchmarking which is reviewed by Chief Executives/ Managing Directors of Councils across the county on a quarterly basis.
- 4.3 With the Future Guildford project creating a dedicated Strategy and Performance Team we now have the opportunity to measure, manage and monitor our performance in key areas in a consistent and effective way.

## **5. Performance monitoring framework**

- 5.1 Our new performance monitoring framework has been developed by the Strategy and Performance Team to deliver a robust and effective system to monitor key performance indicators across the Council. The indicators track progress in a variety of services areas as well as presenting some broad 'health' of the borough type statistics. The framework will bring increased accountability for delivery of services and strategic priorities. Over time, as we gather more data, we will be able to measure the effectiveness of our decisions and associated activity and identify where remedial action may be needed.
- 5.2 Our performance monitoring framework will be embedded into the culture of the Council and, whilst it may evolve, it is here to stay. We have worked with Service Leaders to ensure their collaboration in agreeing relevant performance indicators, gathering data and providing relevant information.
- 5.3 Through our Service Planning process, we hope to ensure that performance monitoring is at the forefront of Service Leaders' and Directors' minds and gives them an opportunity to celebrate successes and identify trends or issues.

## **6. Performance indicators**

- 6.1 The corporate performance indicators which will be monitored as part of our new framework have been gathered from across the Council's service areas. The indicators should give a breadth of data showing performance in key areas.
- 6.2 The indicators have been grouped into four broad themes: Environment, Economy, Community and Council.
- 6.3 Most of the data gathered in the performance report has been provided by Service Leaders across the Council, with a few exceptions where data has been submitted by external partners/ organisations.

## **7. Financial Implications**

- 7.1 No financial implications apply.

## **8. Legal Implications**

- 8.1 No legal implications apply.

## **9. Human Resource Implications**

- 9.1 The report provides an overview on a number of key workforce indicators, such as staff sickness and turnover.

**10. Equality and Diversity Implications**

- 10.1 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.

**11. Climate Change/Sustainability Implications**

- 11.1 The report will show our performance across a range of environmental indicators, such as energy use and waste.

**12. Conclusion**

- 12.1 Our new performance monitoring framework provides us with the tools to ensure we our delivering what we set out to do in key areas. As the picture of data is built up, we will be able to identify and assess trends for each performance indicator. With ongoing review by Corporate Management Team and the Corporate Governance and Standards Committee we can ensure that the Council's performance is monitored and discussed at the highest level, thus helping to embed performance management into the culture of the organisation.

**13. Background Papers**

None.

**14. Appendices**

Appendix 1: Performance Monitoring Report Quarters 1-3 2020-21

## Guildford Borough Council – Performance Monitoring Report 2020/21 Quarters 1-3

### 1. Introduction

The Council’s performance monitoring framework incorporates a range of performance indicators (PI) aligned under four broad themes: Environment, Economy, Community and Council. The PI data shows how the Council is performing in various service areas along with indicators giving a broad picture of the ‘health’ of Guildford borough. Our framework comprises a total of 63 PI: 55 recorded quarterly and 8 annually.

This report incorporates an ‘at a glance’ [scorecard summary](#) of the rating of each of our PI, with more detailed information for each indicator shown in [section 5](#). An explanation of the rating for each PI is included in section 1.2. Also included are an overview of our [current position](#) and an [exception summary](#) showing where PI data has not been submitted for reporting on this occasion. Each PI has a designated Service Leader who is ultimately responsible for the PI and submission of data for each report, this information is included in [section 7](#).

This performance monitoring report is the first in our new reporting framework. The report will be submitted to Corporate Management Team and our Corporate Governance and Standards Committee on a quarterly basis for their comment and review. As the first report of our new performance monitoring framework this document includes data for quarters 1-3 for the financial year 2020/21.

#### 1.1 External factors

It is worth noting the environment in which the Council has been operating during the financial year 2020/21. The COVID-19 global pandemic has forced the Council to focus on frontline services in a variety of areas and to ensure our communities are well supported and provided for during these exceptional times. This may have had (and will continue to have) an impact on performance against the indicators below and this has been noted where relevant.

The Government enforced lockdowns and ‘tiers’ will have had a direct impact on Council services in a variety of ways including the forced closure of visitor attractions/ public buildings, an increased need to support vulnerable people and providing financial support to businesses. Inevitably the pandemic has also meant that some ‘business as usual activities’, including contributing to this report, will have become less of a priority to deliver whilst we support our communities through the pandemic.






#### 1.2 Performance indicator rating

To show the status of individual indicators we have assessed each one against a red, amber, or green (RAG) rating. Where the indicator has a target, it will be RAG rated against this, otherwise it will be rated against the preferred direction of travel (i.e. increasing or decreasing). Where there is an annual target for a PI, it will be rated green so long as the data is heading towards that target. The monitoring report for the final quarter of the year will disclose if an annual target has been reached.

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Appendix 1

The RAG ratings are:

-  On, or over, target or heading in the preferred direction of travel (including for annual targets)
-  Up to 5% off target, or the same as the previous quarter
-  More than 5% off target or heading in the wrong direction of travel
-  Data only, or no data to compare with
-  No data for this quarter

### 1.3 Performance monitoring themes

To help categorise our PI we have grouped them under the headings shown below. These themes are broadly aligned to our Corporate Plan.

|   |     |
|---|-----|
| <a href="#">Environment</a> (section 5.1) | ENV |
| <a href="#">Economy</a> (section 5.2)     | ECO |
| <a href="#">Community</a> (section 5.3)   | COM |
| <a href="#">Council</a> (section 5.4)     | COU |



## 2. Scorecard summary

The table below provides an overview of the RAG rating for each PI for each quarter of 2020/21. Where an indicator is recorded annually, the rating for each quarter has been greyed out in the table.

For quarter 1 there may be no means of assessing the RAG rating against a preferred direction of travel if we do not have data for the preceding quarter 4. Where this is the case, quarter 1 data has been rated as 'data only' (●) and is shown in the table accompanying each PI in section 5.

| Ref no | Broad theme                 | Performance indicator  | Q1 | Q2 | Q3 | Q4 | Full year |
|--------|-----------------------------|--|----|----|----|----|-----------|
| ENV1   | <a href="#">Environment</a> | CO2 emissions from Council operations  |    |    |    |    |           |
| ENV2   | Environment                 | Energy use by the Council  | ●  | ●  | ●  |    |           |
| ENV3   | Environment                 | Nitrogen dioxide concentration at monitoring site(s) at risk of exceeding limits |    |    |    |    |           |
| ENV4   | Environment                 | Kilograms of domestic residual waste collected, per household, from the kerbside | ●  | ●  | ●  |    |           |
| ENV5   | Environment                 | Number of fly tips   | ●  | ●  | ●  |    |           |
| ENV6   | Environment                 | Conservation sites in positive management  |    |    |    |    |           |
| ENV7   | Environment                 | Household waste recycled and composted   | ●  | ●  | ●  |    |           |
| ECO1   | <a href="#">Economy</a>     | Occupancy rates of commercial property investments                               | ●  | ●  | ●  |    |           |
| ECO2   | Economy                     | Total number of empty days in rateable properties                                | ●  | ●  | ●  |    |           |
| ECO3   | Economy                     | Number of empty rateable properties  | ●  | ●  | ●  |    |           |
| ECO4   | Economy                     | Net change in completed commercial and business floorspace (B1, B2 and B8)       |    |    |    |    |           |

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| Ref no | Broad theme | Performance indicator  | Q1 | Q2 | Q3 | Q4 | Full year |
|--------|-------------|--|----|----|----|----|-----------|
| ECO5a  | Economy     | Number of businesses in receipt of Expanded Retail Discount or Nursery Discount          | ●  | ●  | ●  |    |           |
| ECO5b  | Economy     | Financial value of businesses in receipt of Expanded Retail Discount or Nursery Discount | ●  | ●  | ●  |    |           |
| ECO6   | Economy     | Percentage of vacant town centre retail units  | ●  | ●  | ●  |    |           |
| ECO7   | Economy     | Visits to town centre car parks  | ●  | ●  | ●  |    |           |
| ECO8   | Economy     | Number of new food premises registrations  | ●  | ●  | ●  |    |           |
| COM1   | Community   | Number of clients for day care support   | ●  | ●  | ●  |    |           |
| COM2   | Community   | Number of community transport users  | ●  | ●  | ●  |    |           |
| COM3   | Community   | Number of meals on wheels clients  | ●  | ●  | ●  |    |           |
| COM4   | Community   | Average waiting time for Council housing   |    |    |    |    |           |
| COM5   | Community   | Total number of households on the housing needs register                                 | ●  | ●  | ●  |    |           |
| COM6   | Community   | Total number of households on the housing transfer register                              | ●  | ●  | ●  |    |           |
| COM7   | Community   | Number of handyperson jobs completed   | ●  | ●  | ●  |    |           |
| COM8   | Community   | Number of Care and Repair jobs completed   | ●  | ●  | ●  |    |           |
| COM9   | Community   | Number of public sector home adaptations completed                                       | ●  | ●  | ●  |    |           |
| COM10  | Community   | Average time to let void housing properties  | ●  | ●  | ●  |    |           |

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| Ref no | Broad theme | Performance indicator  | Q1 | Q2 | Q3 | Q4 | Full year |
|--------|-------------|--|----|----|----|----|-----------|
| COM11  | Community   | Number of empty homes  | ●  | ●  | ●  |    |           |
| COM12  | Community   | Number of households living in temporary accommodation   | ●  | ●  | ●  |    |           |
| COM13  | Community   | Snapshot of rough sleepers   | ●  | ●  | ●  |    |           |
| COM14  | Community   | Number of successful homelessness outcomes   | ●  | ●  | ●  |    |           |
| COM15  | Community   | Local Council Tax Support claimants - pension and working age  | ●  | ●  | ●  |    |           |
| COM16  | Community   | Number of net new additional homes   | ●  | ●  | ●  |    |           |
| COM17  | Community   | Affordable new homes completed each year   |    |    |    |    |           |
| COM18  | Community   | Number of statutory nuisance investigations  | ●  | ●  | ●  |    |           |
| COM19  | Community   | Food businesses with a 'score on the door' of 3 or over  | ●  | ●  | ●  |    |           |
| COM20  | Community   | Total attendance at G Live   | ●  | ●  | ●  |    |           |
| COM21  | Community   | Total visits to sports and leisure venues  | ●  | ●  | ●  |    |           |
| COM22  | Community   | Total visits to heritage venues  | ●  | ●  | ●  |    |           |
| COM23  | Community   | Total number of attendances at events, engagement and outreach sessions delivered by Heritage Services | ●  | ●  | ●  |    |           |
| COM24  | Community   | Number of bookings of sports pitches and courts  | ●  | ●  | ●  |    |           |
| COM25  | Community   | Total visitor numbers to parks and countryside sites   | ●  | ●  | ●  |    |           |

| Ref no | Broad theme | Performance indicator   | Q1 | Q2 | Q3 | Q4 | Full year |
|--------|-------------|---|----|----|----|----|-----------|
| COM26  | Community   | Total number of 'green flag' open spaces  |    |    |    |    |           |
| COU1   | Council     | Number of customer complaints received  | ●  | ●  | ●  |    |           |
| COU2   | Council     | Number of customer complaints upheld  | ●  | ●  | ●  |    |           |
| COU3   | Council     | Percentage of customer interactions, by telephone, resolved at first point of contact   | ●  | ●  | ●  |    |           |
| COU4   | Council     | Council suppliers paid within 30 days   | ●  | ●  | ●  |    |           |
| COU5   | Council     | Council debt collected within 30 days   | ●  | ●  | ●  |    |           |
| COU6   | Council     | Rent collection rate – rent collected in year   | ●  | ●  | ●  |    |           |
| COU7   | Council     | Rent collection rate – rent collected in year plus arrears brought forward  | ●  | ●  | ●  |    |           |
| COU8   | Council     | Financial return on commercial property investments   |    |    |    |    |           |
| COU9   | Council     | Business rates arrears  | ●  | ●  | ●  |    |           |
| COU10  | Council     | Council tax arrears   | ●  | ●  | ●  |    |           |
| COU11  | Council     | Time taken to assess new Housing Benefit claims   | ●  | ●  | ●  |    |           |
| COU12  | Council     | Staff sickness absence  | ●  | ●  | ●  |    |           |
| COU13  | Council     | Staff turnover  | ●  | ●  | ●  |    |           |
| COU14  | Council     | Percentage of Freedom of Information and Environmental Information Regulation requests responded to within statutory timeframes | ●  | ●  | ●  |    |           |

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| Ref no | Broad theme | Performance indicator  | Q1 | Q2 | Q3 | Q4 | Full year |
|--------|-------------|--|----|----|----|----|-----------|
| COU15  | Council     | Speed of determining applications for major development                | ●  | ●  | ●  |    |           |
| COU16  | Council     | Speed of determining applications for minor development                | ●  | ●  | ●  |    |           |
| COU17  | Council     | Speed of determining applications for other development                | ●  | ●  | ●  |    |           |
| COU18  | Council     | Appeals dismissed against the Council's refusal of planning permission | ●  | ●  | ●  |    |           |
| COU19  | Council     | Number of web page views   | ●  | ●  | ●  |    |           |
| COU20  | Council     | Number of completed self-service forms and online payments             | ●  | ●  | ●  |    |           |
| COU21  | Council     | Total number of social media followers                                 | ●  | ●  | ●  |    |           |

### 3. Current position

Each quarter we will present the current position of our performance indicators which will show, broadly speaking, our overall progress against each RAG rating. The sections below focus on the 55 quarterly reported PI over quarters 1, 2 and 3.

| Quarter       | RAG Rating |       |     |           |         |
|---------------|------------|-------|-----|-----------|---------|
|               | Green      | Amber | Red | Data only | No data |
| 1, 2<br>and 3 | 40         | 11    | 30  | 23        | 61      |
|               | 24%        | 7%    | 18% | 14%       | 37%     |

Looking at the table above it is pleasing to note, across all three quarters, that we have over a quarter of our PI on target or within tolerances (31% rated green or amber). The percentage of 'data only' PI is predominately in quarter 1 (see 3.1, below) and has evened out over the following quarters. Unfortunately, the highest percentage rating is for 'no data' which is dealt with further in the exception summary (section 4).

#### 3.1 Quarter 1

| Quarter | RAG Rating |       |     |           |         |
|---------|------------|-------|-----|-----------|---------|
|         | Green      | Amber | Red | Data only | No data |
| 1       | 11         | 1     | 8   | 17        | 18      |
|         | 20%        | 2%    | 15% | 31%       | 33%     |

The table above shows the percentage of PI which are on track (or within tolerances) are 7% higher than those not on target (or not heading in the preferred direction of travel). For quarter 1 we have a high percentage of 'data only' and 'no data' ratings. The 'data only' rating is high due to the lack of comparative data from quarter 4 2019/20 for the data presented in quarter 1.

#### 3.2 Quarter 2

| Quarter | RAG Rating |       |     |           |         |
|---------|------------|-------|-----|-----------|---------|
|         | Green      | Amber | Red | Data only | No data |
| 2       | 12         | 4     | 13  | 3         | 23      |
|         | 22%        | 7%    | 24% | 5%        | 42%     |

PI which are on track (or within tolerances) have increased and continue to exceed those which are red rated. Most of the PI which were rated as 'data only' in quarter 1 have moved into a red, amber or green rating as there is now data for them to be compared with (from the previous quarter); this trend continues into quarter 3.

#### 3.3 Quarter 3

| Quarter | RAG Rating |       |     |           |         |
|---------|------------|-------|-----|-----------|---------|
|         | Green      | Amber | Red | Data only | No data |
| 3       | 17         | 6     | 9   | 3         | 20      |
|         | 31%        | 11%   | 16% | 5%        | 36%     |

As the picture of our performance is built up, we are continuing to see positive progress with an increase in green and amber rated PI to 42%. Red rated PI have decreased from the previous quarter which is another positive step.

**4. Exception summary**

This section highlights any indicators where data has not been submitted for the period of this report (2020/21 quarters 1, 2 and 3). The exception summary covers quarterly PI only (annual PI will be incorporated at year end, in quarter 4). The summary only covers data which has not been provided across all three quarters (the reporting period). For ease, the tables below reference one quarter but the same applies to all three quarters.

Three categories of ‘exceptions’ have been used in this summary:

| Reason   | Explanation  |
|--|--|
| Data not currently available/ possible to record | Data is not available or the capacity/ ability to record this PI is not possible currently |
| No reason given                                  | Data has not been submitted and no further explanation has been given                      |
| Responding to COVID-19                           | Data has not been provided due to a focus on responding to COVID-19                        |

We have a total of 55 PI reportable each quarter. For all quarters so far in 2020/21, 15 (27%) PI were rated with ‘no data’.

Looking at the table below, the primary reason for data not being presented is due to our response to the COVID-19 pandemic (53%). This applies to frontline teams who are currently delivering key services. Data classed as ‘not currently available/ possible to record’ includes PI for areas which have been closed due to the pandemic and where systems are not yet in place to provide data.

| Reason   | Number    | Percentage  |
|--|-----------|-------------|
| Data not currently available/ possible to record | 4         | 27%         |
| No reason given                                  | 3         | 20%         |
| Responding to COVID-19                           | 8         | 53%         |
| <b>Total</b>                                     | <b>15</b> | <b>100%</b> |

The tables below show the exception summary data by Council directorate and service area.

| Reason   | Directorate      |          |
|--|------------------|----------|
|  | Service Delivery | Strategy |
| Data not currently available/ possible to record | 3                | 1        |
| No reason given                                  | 3                | 0        |
| Responding to COVID-19                           | 8                | 0        |
| <b>Total</b>                                     | <b>14</b>        | <b>1</b> |

No data was missing from indicators owned by the Resources Directorate.

| Service Area          | Data not currently available/ possible to record | No reason given | Responding to COVID-19 |
|-----------------------|--|-----------------|------------------------|
| Asset Management      | 1  |                 |                        |
| Community & Wellbeing |  |                 | 3                      |
| Customer Services     |  | 3               |                        |
| Leisure Services      | 1  |                 |                        |
| Parks & Countryside   | 2  |                 |                        |
| Regulatory Services   |  |                 | 5                      |
| <b>Total</b>          | <b>4</b>   | <b>3</b>        | <b>8</b>               |



5. Performance monitoring data

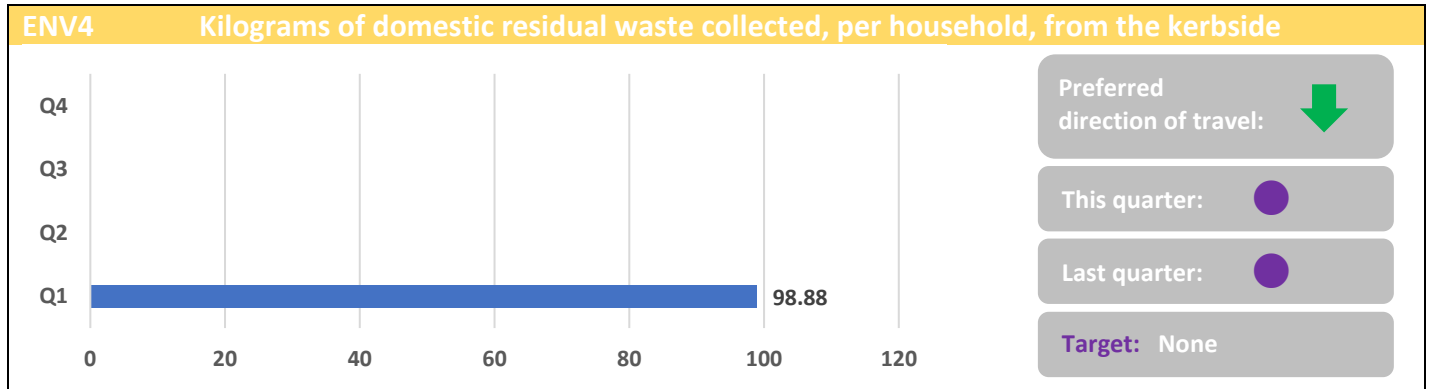
5.1 Environment

This section includes all performance indicators with a broad environmental theme.

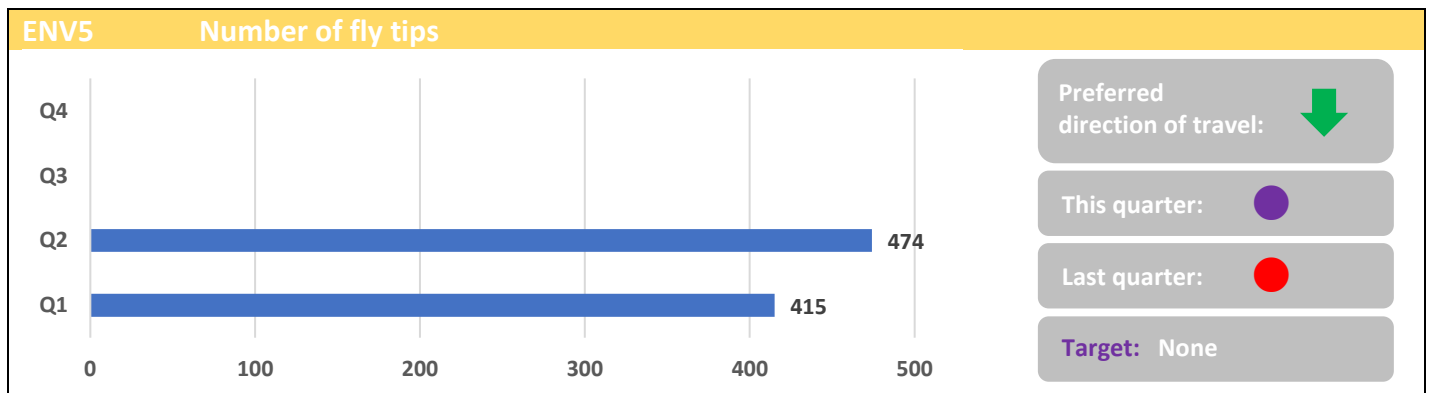
| ENV1 CO2 emissions from council operations |   |
|--|---|
| <b>Description:</b>                        | Data provided by Asset Management.                                      |
| <b>Comments:</b>                           | Annually recorded PI – data will be available from quarter 2 (2021/22). |

| ENV2 Energy use by the Council |  |
|--------------------------------|--|
| <b>Description:</b>            | Data provided by Asset Management.   |
| <b>Comments:</b>               | Not currently possible to record this PI as energy monitoring capabilities are currently being developed. Data should be available from quarter 2 (2021/2022). |

| ENV3 Nitrogen dioxide concentration at monitoring site(s) at risk of exceeding limits |   |
|---|---|
| <b>Description:</b>   | Data provided by Regulatory Services.                   |
| <b>Comments:</b>  | Annually recorded PI – data to be provided at year end. |

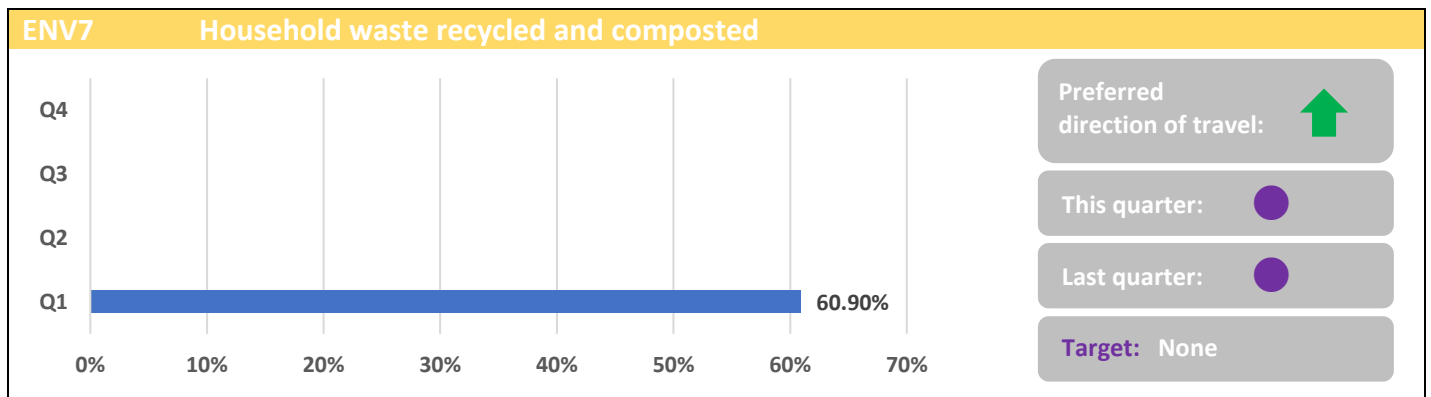


| Quarter 3           | Quarter 4 | Quarter 1   | Quarter 2 | Quarter 3 |
|---------------------|-----------|---|-----------|-----------|
| -                   | -         | 98.88kg   | -         | -         |
| <b>Description:</b> |           | Kilograms of domestic residual waste collected from each household at kerbside, as per the DEFRA definition. Data provided by Waste Services. |           |           |
| <b>Comments:</b>    |           | There is a 3-month lag on reporting due to slow data provision.   |           |           |



| Quarter 3           | Quarter 4 | Quarter 1   | Quarter 2 | Quarter 3 |
|---------------------|-----------|---|-----------|-----------|
| -                   | -         | 415   | 474       | -         |
| <b>Description:</b> |           | Number of reported fly tips. Data provided by Waste Services.                 |           |           |
| <b>Comments:</b>    |           | There is a 2-month lag in reporting due to sign off/ processing requirements. |           |           |

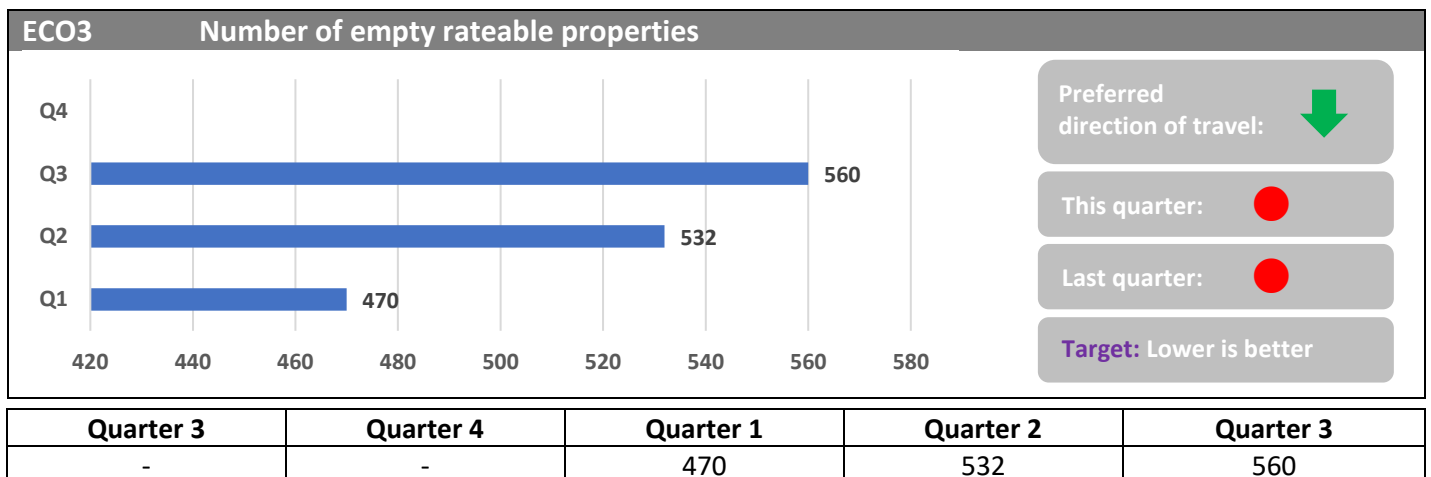
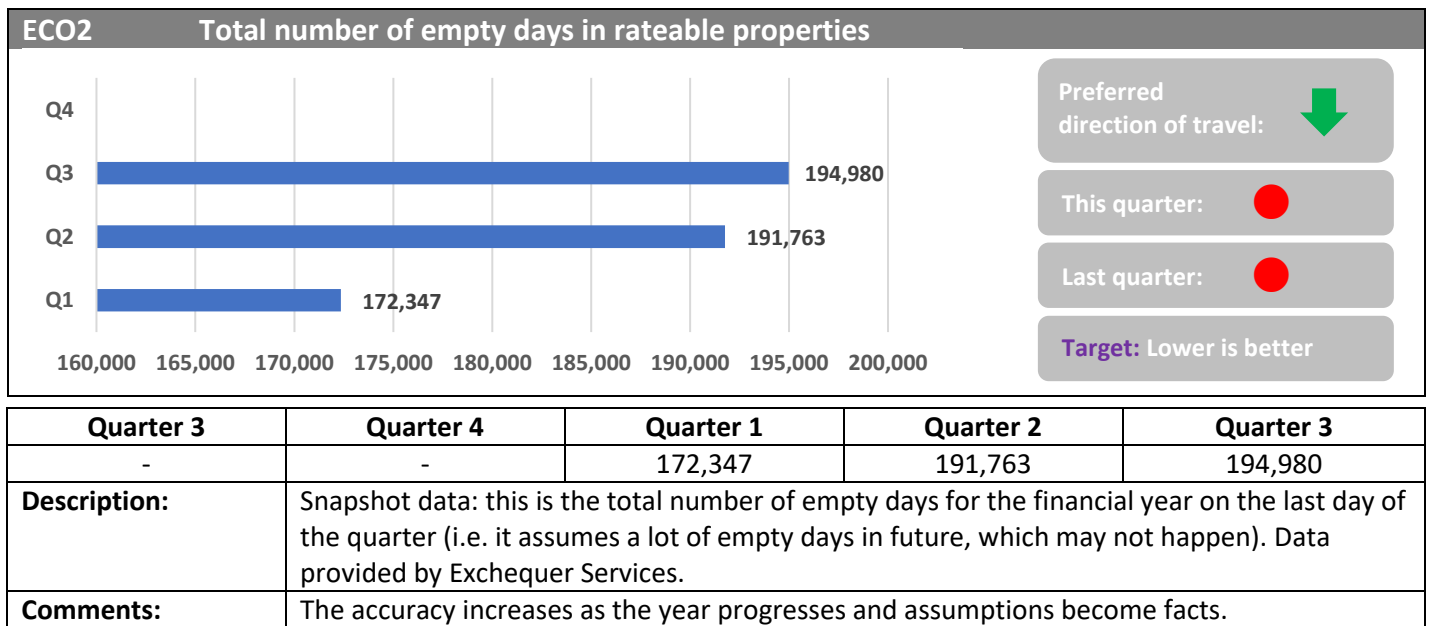
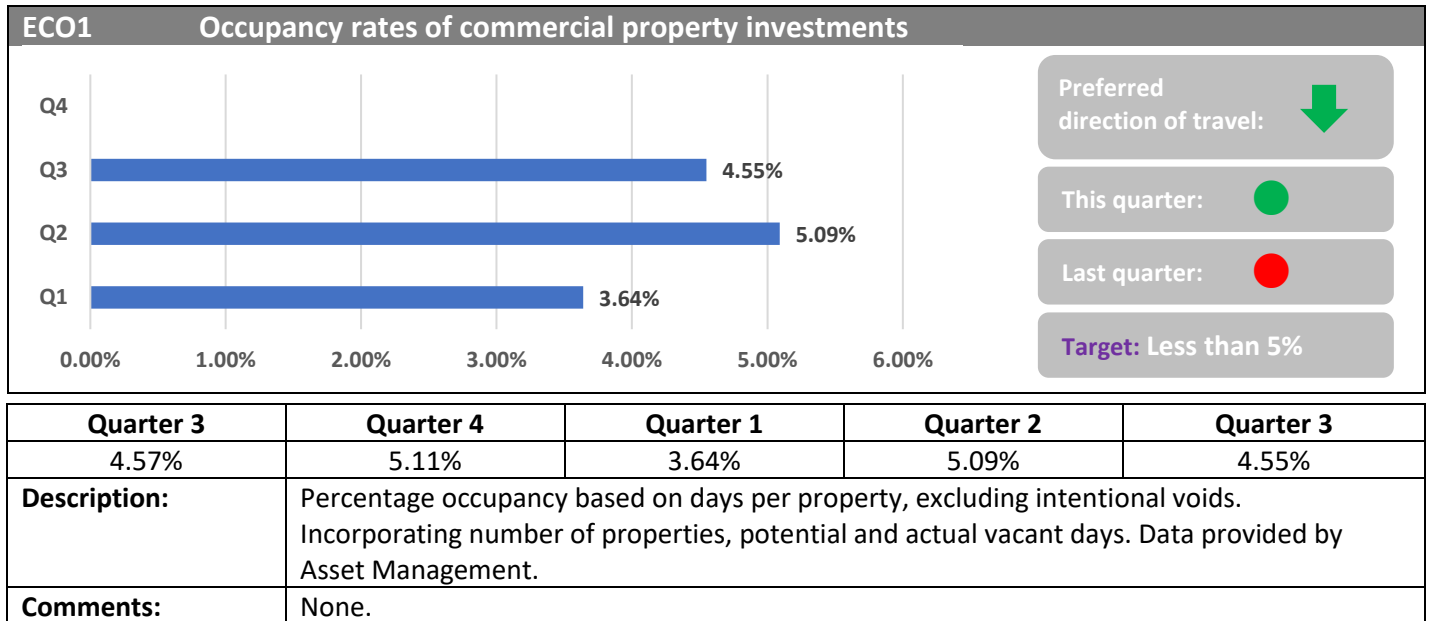
| ENV6 Conservation sites in positive management (% of all sites) |   |
|---|---|
| <b>Description:</b>   | Data provided by Parks and Countryside.                 |
| <b>Comments:</b>  | Annually recorded PI – data to be provided at year end. |



|                     | Quarter 3  | Quarter 4 | Quarter 1 | Quarter 2 | Quarter 3 |
|---------------------|--|-----------|-----------|-----------|-----------|
|                     | -  | -         | 60.90%    | -         | -         |
| <b>Description:</b> | Percentage of household waste recycled and composted. Data provided by Waste Services. |           |           |           |           |
| <b>Comments:</b>    | There is a 3-month lag on reporting due to slow data provision.                        |           |           |           |           |

5.2 Economy

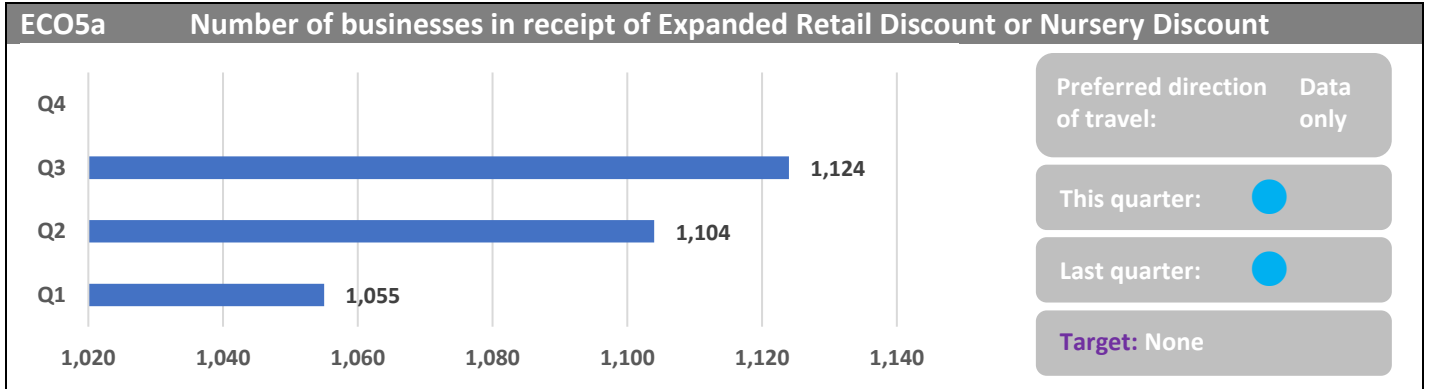
This section includes all performance indicators with a broad economic theme.



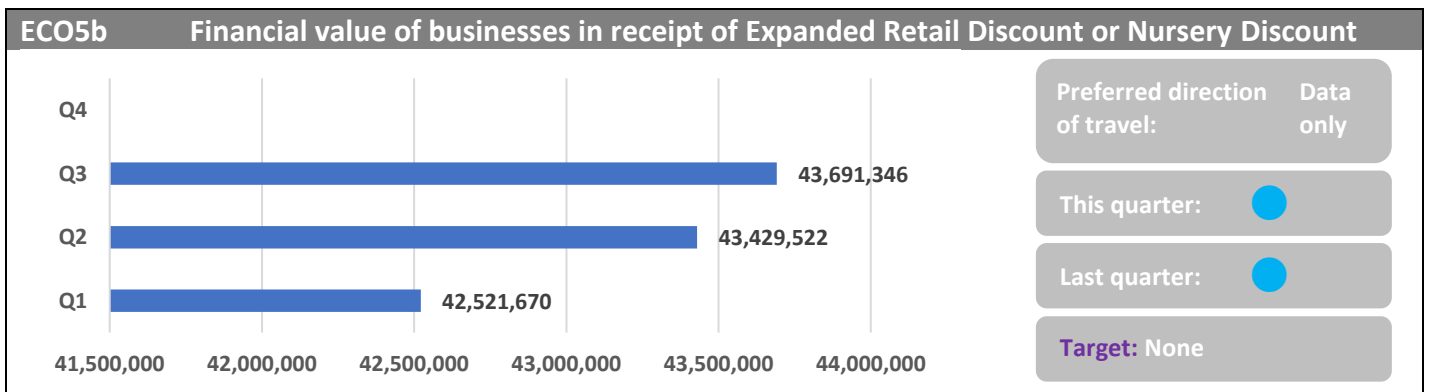
Appendix 1

|                     |  |
|---------------------|--|
| <b>Description:</b> | Snapshot data: these are the properties showing as empty on the system on the last day of the quarter. Data provided by Exchequer Services.  |
| <b>Comments:</b>    | If a property was empty until the day before the last day or becomes empty the day after, it is not included in this data. The accuracy of this data is reliant on ratepayers communicating any changes in a timely fashion. |

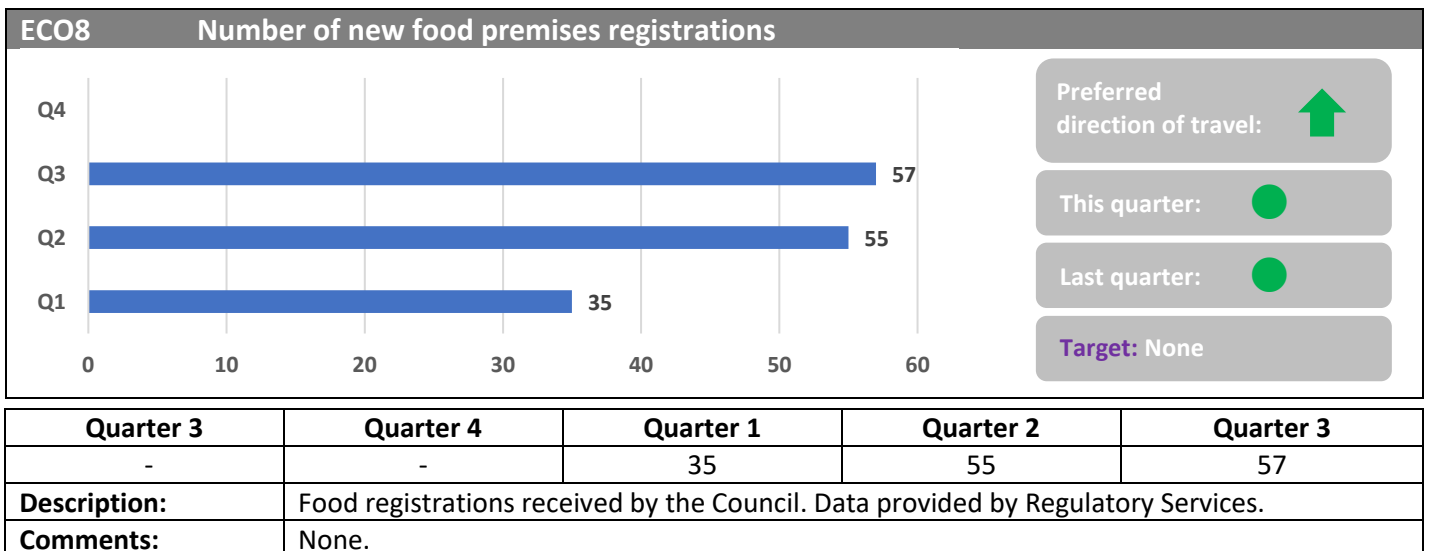
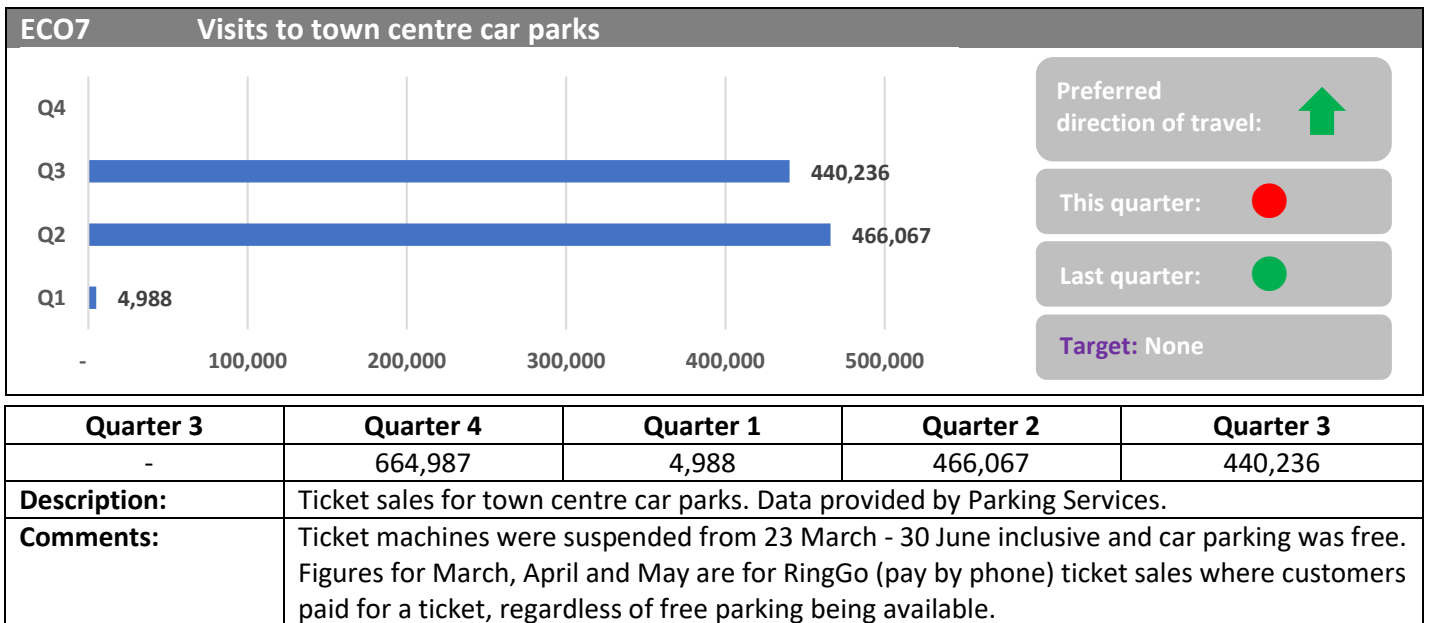
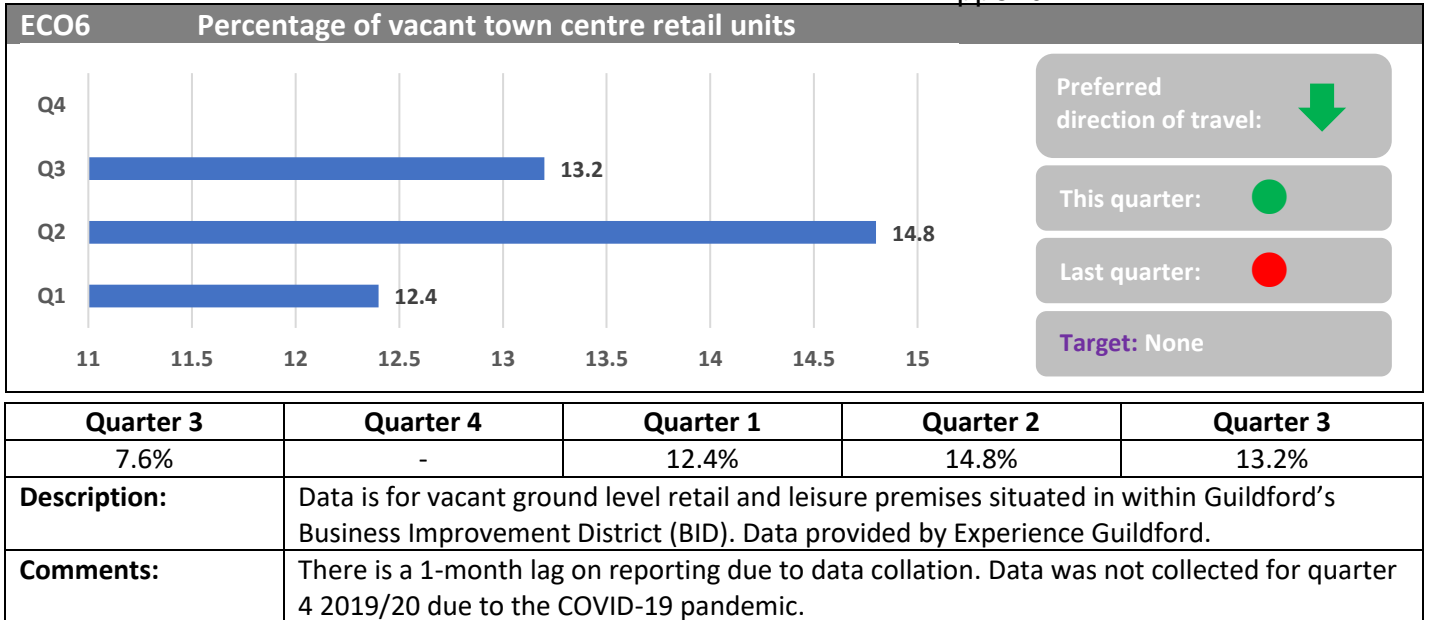
| ECO4 Net change in completed commercial and business floorspace (B1, B2 and B8) |   |
|---|---|
| <b>Description:</b>   | Data provided by Planning Policy.                       |
| <b>Comments:</b>  | Annually recorded PI – data to be provided at year end. |



| Quarter 3           | Quarter 4  | Quarter 1 | Quarter 2 | Quarter 3 |
|---------------------|--|-----------|-----------|-----------|
| -                   | -  | 1,055     | 1,104     | 1,124     |
| <b>Description:</b> | The Government announced two discounts to help ratepayers due to COVID-19. Expanded Retail Discount: a 100% business rate discount for 2020. There is a specific list of criteria; essentially it is available for occupied properties mainly used by visiting members of the public. Nursery Discount: a 100% business rate discount for 2020, is for non-local authority nurseries that appear on the Early Years Register. Data provided by Exchequer Services. |           |           |           |
| <b>Comments:</b>    | Ideally the current figure will increase as the situation with businesses is clarified because it applies for the whole year. If it declines it could be an indication of failing businesses.  |           |           |           |



| Quarter 3           | Quarter 4   | Quarter 1   | Quarter 2   | Quarter 3   |
|---------------------|---|-------------|-------------|-------------|
| -                   | -   | £42,521,670 | £43,429,522 | £43,691,346 |
| <b>Description:</b> | As above – ECO5a.   |             |             |             |
| <b>Comments:</b>    | The above are the amounts granted so far this year until the end of the financial year. |             |             |             |



### 5.3 Community

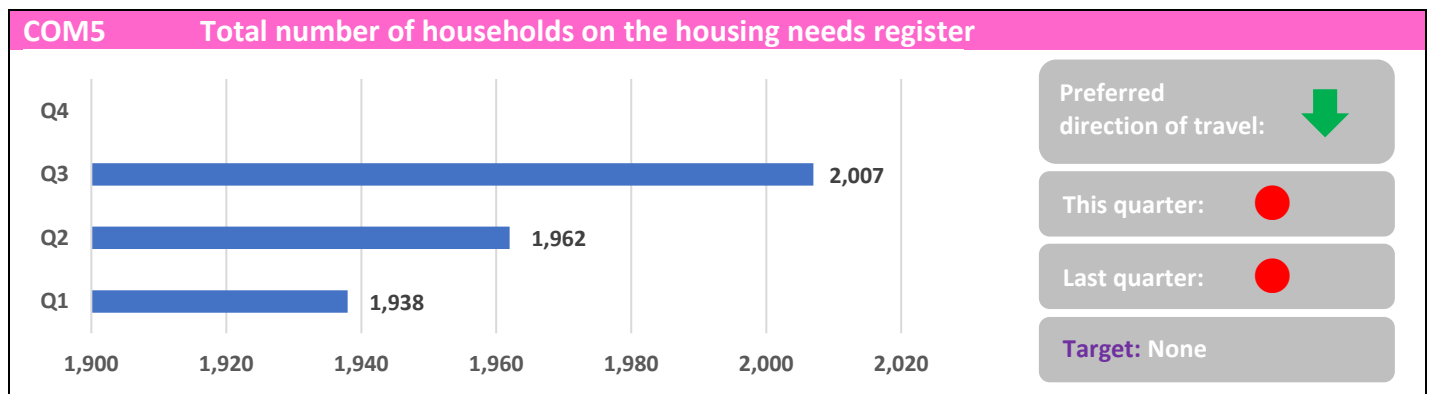
This section includes all performance indicators with a broad community theme.

| COM1 Number of clients for day care support (all activities) |   |
|--|---|
| <b>Description:</b>  | Data provided by Community and Wellbeing. |
| <b>Comments:</b>   | No data due to COVID-19 response.         |

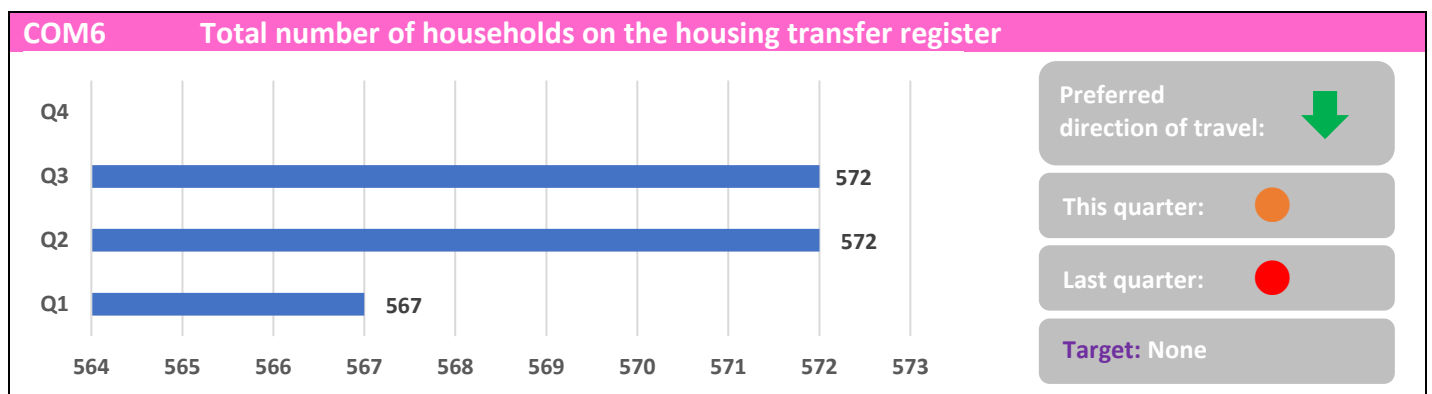
| COM2 Number of community transport users |   |
|--|---|
| <b>Description:</b>                      | Data provided by Community and Wellbeing. |
| <b>Comments:</b>                         | No data due to COVID-19 response.         |

| COM3 Number of meals on wheels clients |   |
|--|---|
| <b>Description:</b>                    | Data provided by Community and Wellbeing. |
| <b>Comments:</b>                       | No data due to COVID-19 response.         |

| COM4 Average waiting time for Council housing (Band C) |   |
|--|---|
| <b>Description:</b>                                    | Data provided by Housing Advice.                        |
| <b>Comments:</b>                                       | Annually recorded PI – data to be provided at year end. |



|                     | Quarter 3  | Quarter 4 | Quarter 1 | Quarter 2 | Quarter 3 |
|---------------------|--|-----------|-----------|-----------|-----------|
|                     | -  | 1,913     | 1,938     | 1,962     | 2,007     |
| <b>Description:</b> | Total number of households on the housing needs register. Data provided by Housing Advice. |           |           |           |           |
| <b>Comments:</b>    | None.  |           |           |           |           |

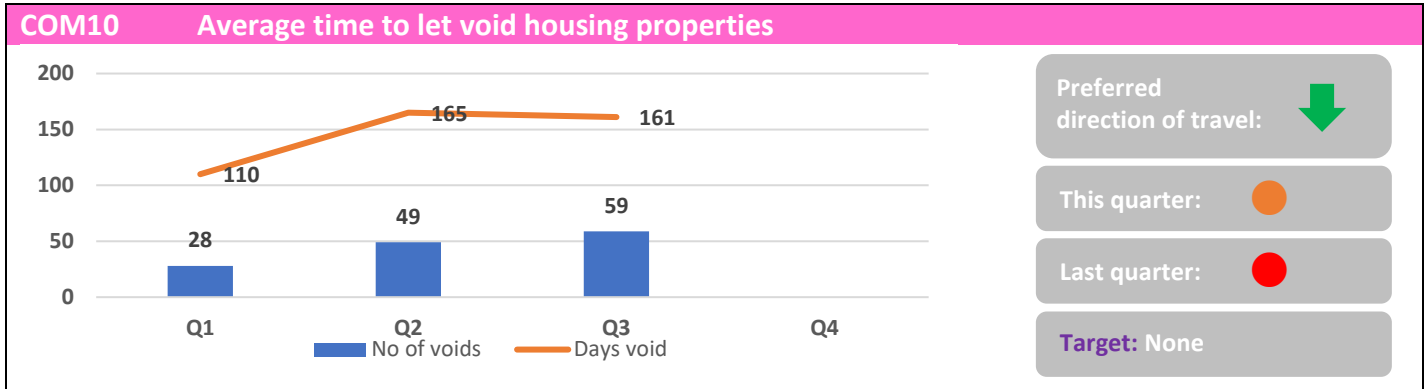


|                     | Quarter 3   | Quarter 4 | Quarter 1 | Quarter 2 | Quarter 3 |
|---------------------|---|-----------|-----------|-----------|-----------|
|                     | -   | 563       | 567       | 572       | 572       |
| <b>Description:</b> | Total number of households on the housing transfer register. Data provided by Housing Advice. |           |           |           |           |
| <b>Comments:</b>    | None.   |           |           |           |           |

| COM7 Number of handyperson jobs completed |                                       |
|---|---------------------------------------|
| <b>Description:</b>                       | Data provided by Regulatory Services. |
| <b>Comments:</b>                          | No data due to COVID-19 response.     |

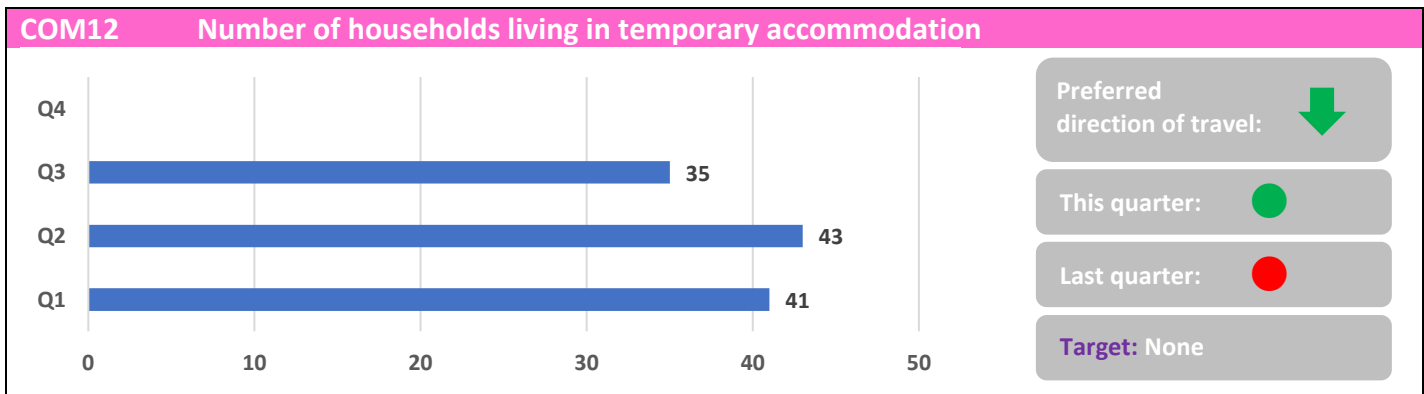
| COM8 Number of Care and Repair jobs completed |                                       |
|---|---------------------------------------|
| <b>Description:</b>                           | Data provided by Regulatory Services. |
| <b>Comments:</b>                              | No data due to COVID-19 response.     |

| COM9 Number of public sector adaptations completed |                                       |
|--|---------------------------------------|
| <b>Description:</b>                                | Data provided by Regulatory Services. |
| <b>Comments:</b>                                   | No data due to COVID-19 response.     |

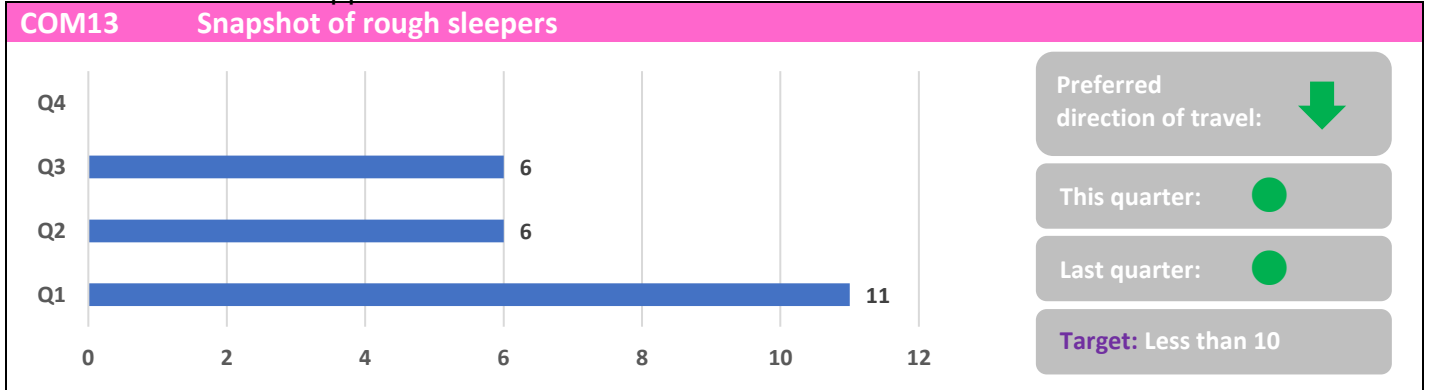


| Quarter 3  | Quarter 4 | Quarter 1 | Quarter 2 | Quarter 3 |
|--|-----------|-----------|-----------|-----------|
| -  | -         | 28/110    | 49/165    | 59/161    |
| <b>Description:</b> The number of voids/ the number of days void. Data provided by Housing Advice.   |           |           |           |           |
| <b>Comments:</b> This PI crosses over Services, so one area does not have full control of the statistics shown. Q3 is rated amber as the number of days void has decreased, but the number of void properties has increased. |           |           |           |           |

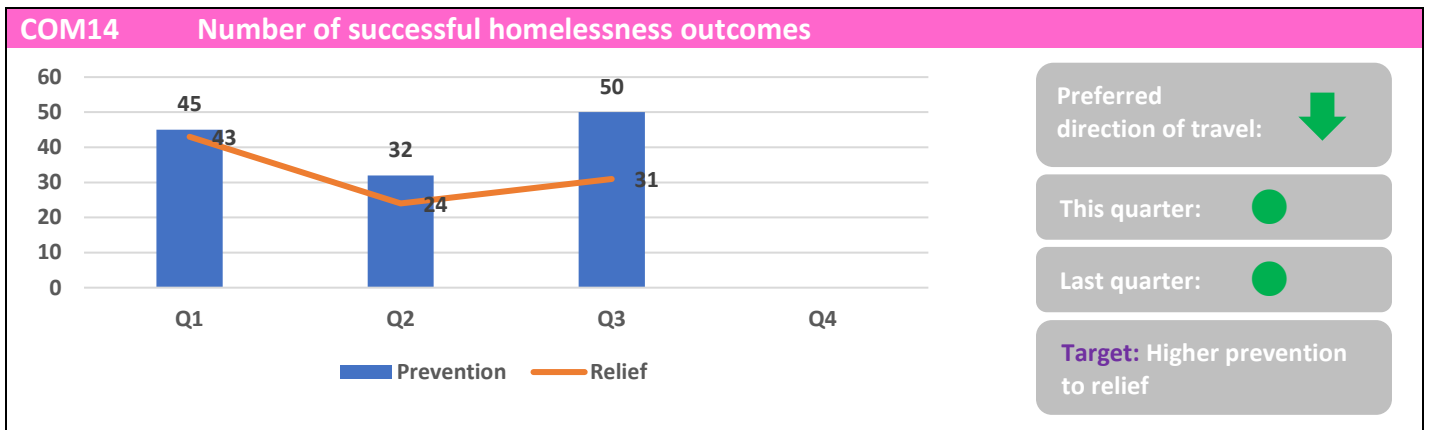
| COM11 Number of empty homes |                                       |
|-----------------------------|---------------------------------------|
| <b>Description:</b>         | Data provided by Regulatory Services. |
| <b>Comments:</b>            | No data due to COVID-19 response.     |



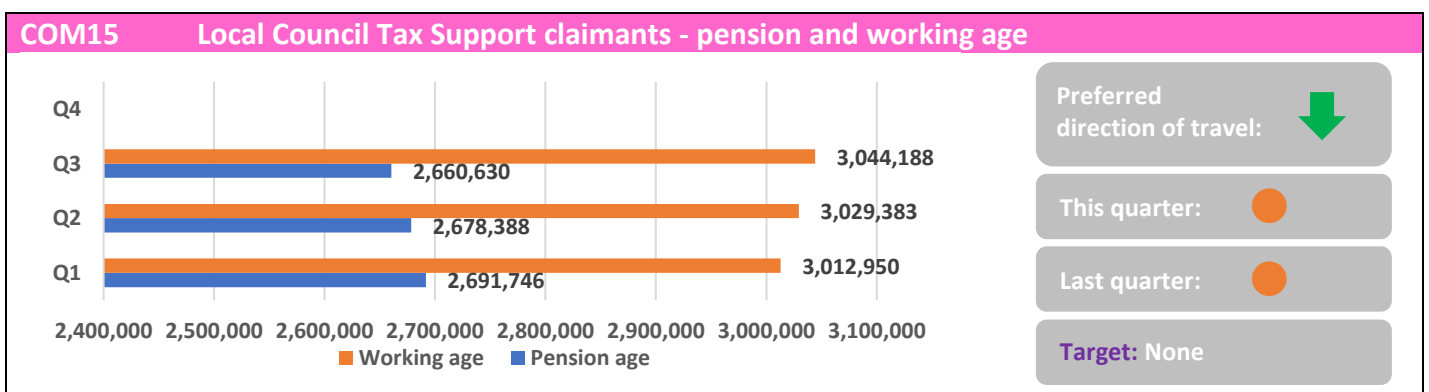
| Quarter 3  | Quarter 4 | Quarter 1 | Quarter 2 | Quarter 3 |
|--|-----------|-----------|-----------|-----------|
| 42   | 44        | 41        | 43        | 35        |
| <b>Description:</b> Number of all households in temporary accommodation at the end of the quarter. These are only the households who are accommodated following an acceptance of a homelessness duty. Other households may be placed in temporary accommodation without us accepting a duty but by using our prevention powers. Data provided by Housing Advice. |           |           |           |           |
| <b>Comments:</b> None.   |           |           |           |           |



| Quarter 3           | Quarter 4   | Quarter 1 | Quarter 2 | Quarter 3 |
|---------------------|---|-----------|-----------|-----------|
| -                   | -   | 11        | 6         | 6         |
| <b>Description:</b> | These figures are intelligence-based estimates relating to a specified date each quarter. HOST collate information based on their caseload, rough sleeper outreach and multi-agency feedback received. Data provided by Housing Advice. |           |           |           |
| <b>Comments:</b>    | During the first COVID-19 lockdown (Q1) everyone was offered accommodation, some resisted initially, and others took nights out from their emergency accommodation to sleep rough.  |           |           |           |



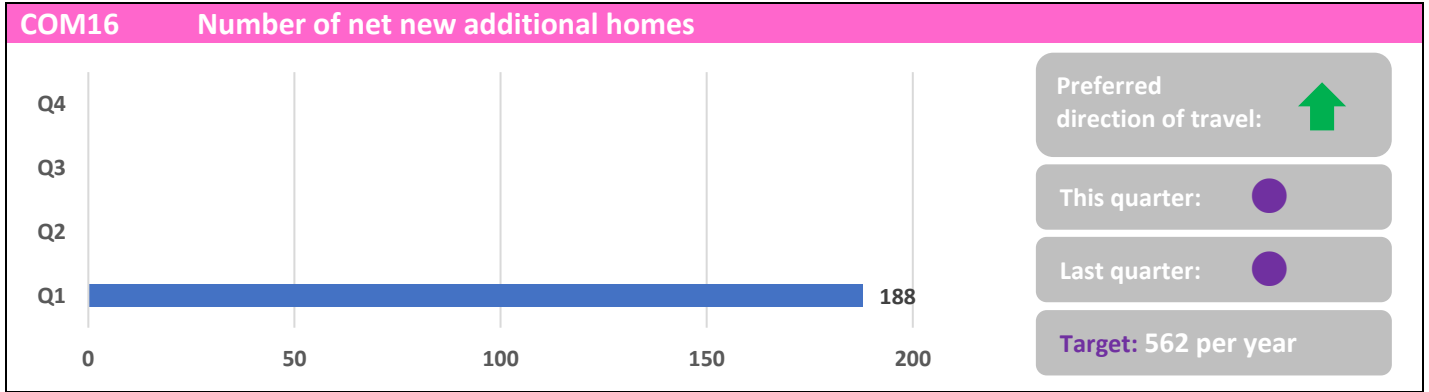
| Quarter 3           | Quarter 4   | Quarter 1 | Quarter 2 | Quarter 3 |
|---------------------|---|-----------|-----------|-----------|
| 54/36               | 47/34   | 45/43     | 32/24     | 50/31     |
| <b>Description:</b> | Successful prevention/ relief case outcomes. Data provided by Housing Advice. |           |           |           |
| <b>Comments:</b>    | None.   |           |           |           |



| Quarter 3           | Quarter 4  | Quarter 1                 | Quarter 2                 | Quarter 3                 |
|---------------------|--|---------------------------|---------------------------|---------------------------|
| -                   | -  | £3,012,950/<br>£2,691,746 | £3,029,383/<br>£2,678,388 | £3,044,188/<br>£2,660,360 |
| <b>Description:</b> | Local Council Tax Support claimants: defined as a monetary value for the year, rather than the number of claimants, and split between working and pension age. In a normal year this declines slightly over the year. The above are the amounts granted so far this year until the |                           |                           |                           |



|                  |   |
|------------------|---|
|                  | end of the financial year (i.e. not just the amounts that relate to the elapsed year so far).<br>Data provided by Exchequer Services.   |
| <b>Comments:</b> | This year it is expected support claimants will increase, but a good sign would then be to see it reduce – especially for the working age. This has been rated amber as pension age claimants are moving in the preferred direction of travel but working age claimants are moving against the preferred direction of travel. |



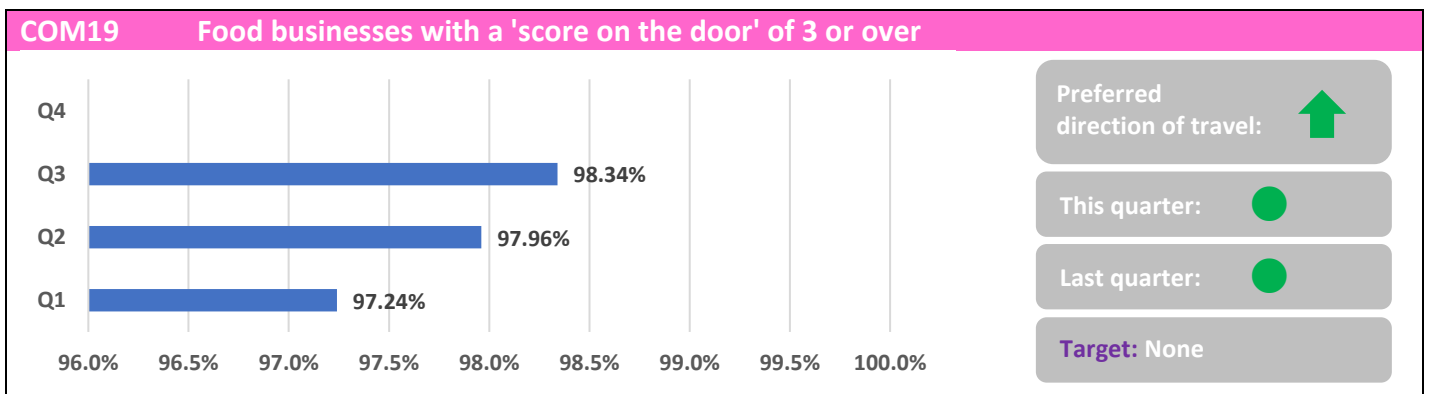
| Quarter 3  | Quarter 4 | Quarter 1 | Quarter 2 | Quarter 3 |
|--|-----------|-----------|-----------|-----------|
| -  | -         | 188       | -         | -         |
| <b>Description:</b> This is the calculation of all new residential properties built, or created through change of use to residential use, minus all residential properties demolished in the year. This equals the net new additional homes. Data provided by Planning Policy. |           |           |           |           |
| <b>Comments:</b> No data for Q2-3 due to migration to a new monitoring system. There is also up to 3-months reporting lag with housing completion data.  |           |           |           |           |

**COM17 Affordable new homes completed each year**

|                     |   |
|---------------------|---|
| <b>Description:</b> | Data provided by Housing Advice.                        |
| <b>Comments:</b>    | Annually recorded PI – data to be provided at year end. |

**COM18 Number of statutory nuisance investigations (noise, air quality, odour etc.)**

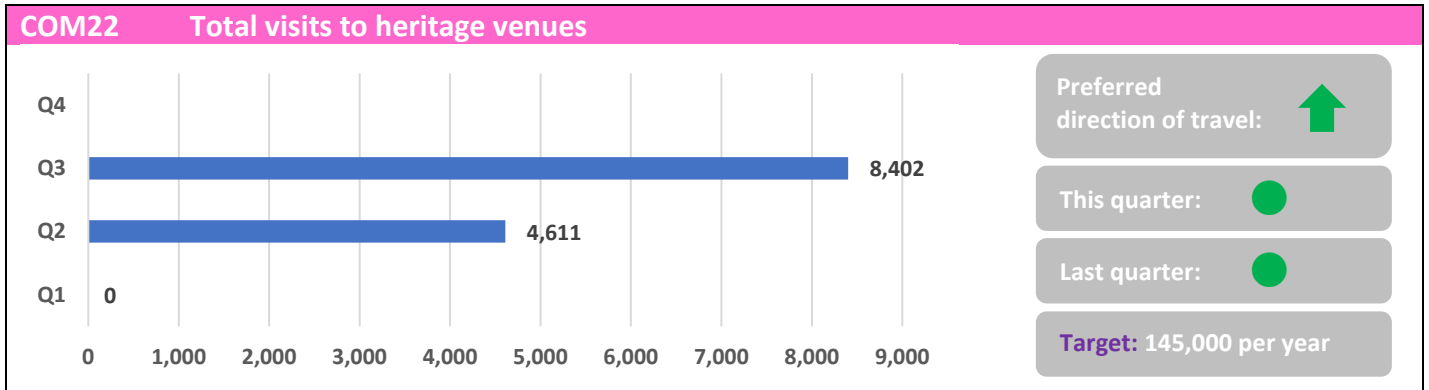
|                     |                                       |
|---------------------|---------------------------------------|
| <b>Description:</b> | Data provided by Regulatory Services. |
| <b>Comments:</b>    | No data due to COVID-19 response.     |



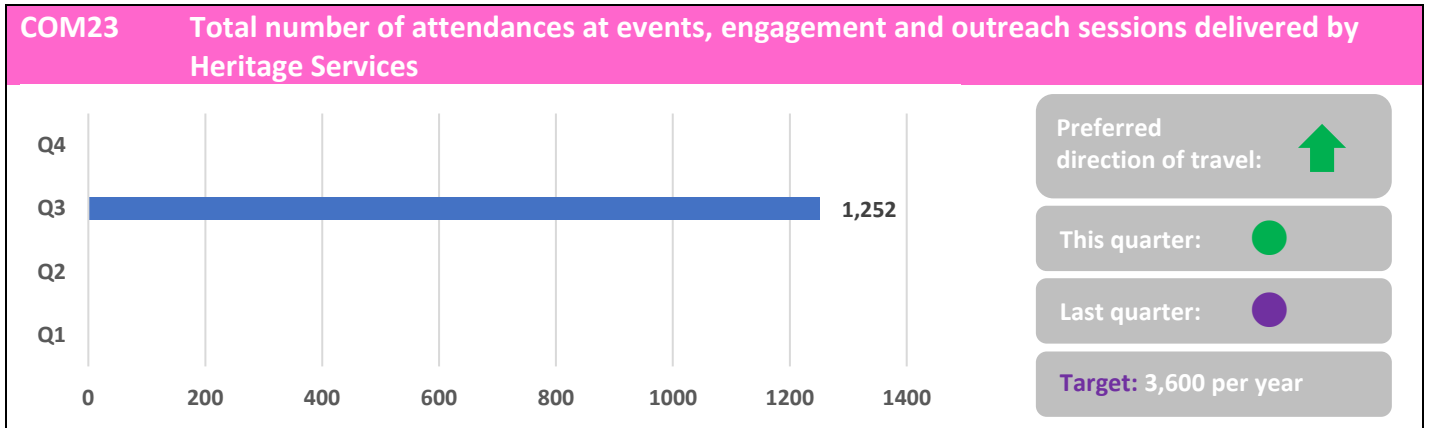
| Quarter 3  | Quarter 4 | Quarter 1 | Quarter 2 | Quarter 3 |
|--|-----------|-----------|-----------|-----------|
| 97.06%   | 97.24%*   | 97.24%    | 97.96%    | 98.34%    |
| <b>Description:</b> Percentage of establishments with a rating of 3 (generally satisfactory) or better under the Food Hygiene Rating Scheme. Data provided by Regulatory Services.   |           |           |           |           |
| <b>Comments:</b> *Not all outstanding inspections were carried out due to business closures as a result of COVID-19. We were instructed to stop undertaking proactive inspections of food businesses by the Food Standards Agency for the whole of Q1 in 2020/21 (i.e. no food inspections were carried out between 01 April and 30 June). We only resumed with a limited number of high-risk inspections in the week beginning 20 July. |           |           |           |           |

| COM20 Total attendance at G Live |   |
|----------------------------------|---|
| <b>Description:</b>              | Data provided by Leisure Services (from HQ Theatres).   |
| <b>Comments:</b>                 | No data available due to venue closure during pandemic. |

| COM21 Total visits to sports and leisure venues (Spectrum, Lido, Ash Manor) |   |
|---|---|
| <b>Description:</b>   | Data provided by Leisure Services (from Freedom Leisure). |
| <b>Comments:</b>  | No data available due to venue closure during pandemic.   |

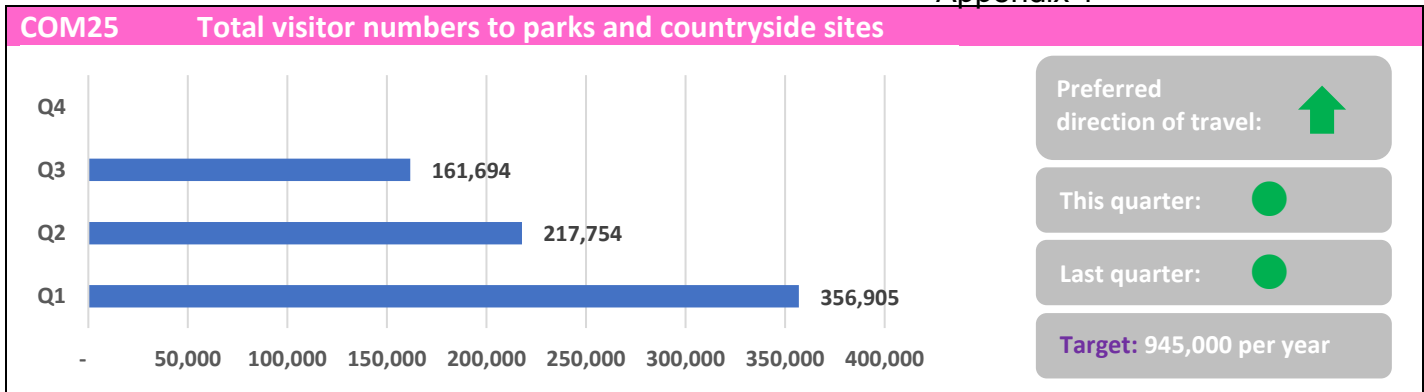


| Quarter 3           | Quarter 4  | Quarter 1 | Quarter 2 | Quarter 3 |
|---------------------|--|-----------|-----------|-----------|
| -                   | -  | 0         | 4,611     | 8,402     |
| <b>Description:</b> | Total visits to heritage venues including Guildford Castle, Guildford House Gallery, Guildford Museum and the Undercroft. Data provided by Heritage Services.  |           |           |           |
| <b>Comments:</b>    | Data is collected through visitor and door counters at Guildford House Gallery, Museum, Castle and the Undercroft.<br>All Heritage venues have been subject to closure at times during 2020/21 as per the Government restrictions. |           |           |           |



| Quarter 3           | Quarter 4   | Quarter 1 | Quarter 2 | Quarter 3 |
|---------------------|---|-----------|-----------|-----------|
| -                   | -   | -         | -         | 1,252     |
| <b>Description:</b> | Total attendance at events, engagement and outreach sessions delivered by Heritage Services. Data provided by Heritage Services.  |           |           |           |
| <b>Comments:</b>    | Attendances are recorded by facilitators or through bookings.<br>All Heritage venues have been subject to closure at times during 2020/21 as per the Government restrictions. |           |           |           |

| COM24 Number of bookings of sports pitches and courts |   |
|---|---|
| <b>Description:</b>                                   | Data provided by Parks and Countryside. |
| <b>Comments:</b>                                      | No data available due to system issues. |



| Quarter 3           | Quarter 4   | Quarter 1 | Quarter 2 | Quarter 3 |
|---------------------|---|-----------|-----------|-----------|
| -                   | -   | 356,905   | 217,754   | 161,694   |
| <b>Description:</b> | Based on counters at Stoke Park Gardens and Castle Grounds and the SANG sites of Chantry Wood and Riverside Nature Reserve. It is not a true reflection of total visitor numbers to all of our sites. Data provided by Parks and Countryside. |           |           |           |
| <b>Comments:</b>    | Whilst visitor numbers have reduced through Q1-3, they are still heading towards target – hence a green rating.   |           |           |           |

**COM26 Total number of 'green flag' open spaces**

|                     |   |
|---------------------|---|
| <b>Description:</b> | Data provided by Parks and Countryside.                 |
| <b>Comments:</b>    | Annually recorded PI – data to be provided at year end. |

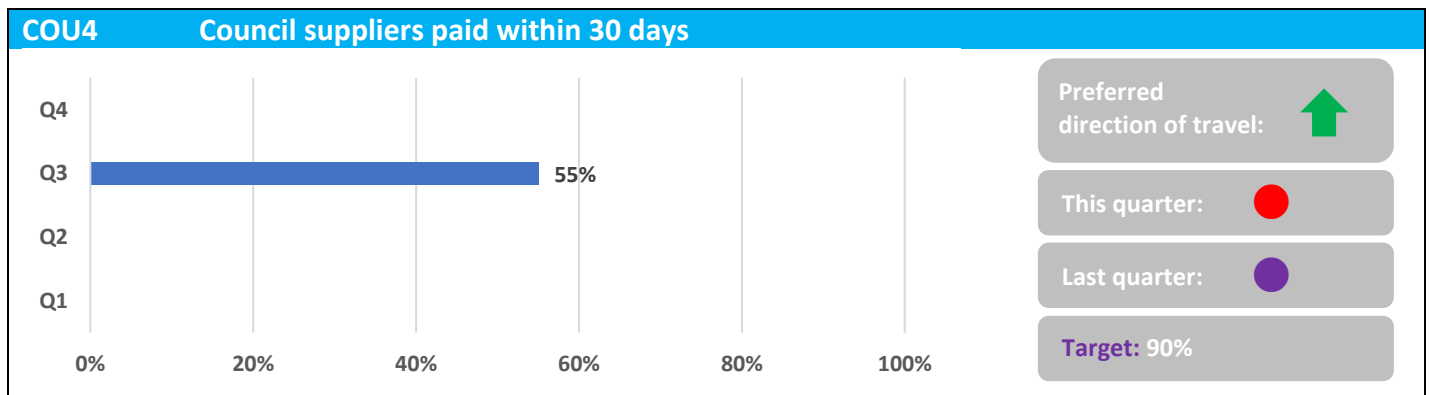
5.4 Council

This section includes all performance indicators with a broad Council theme.

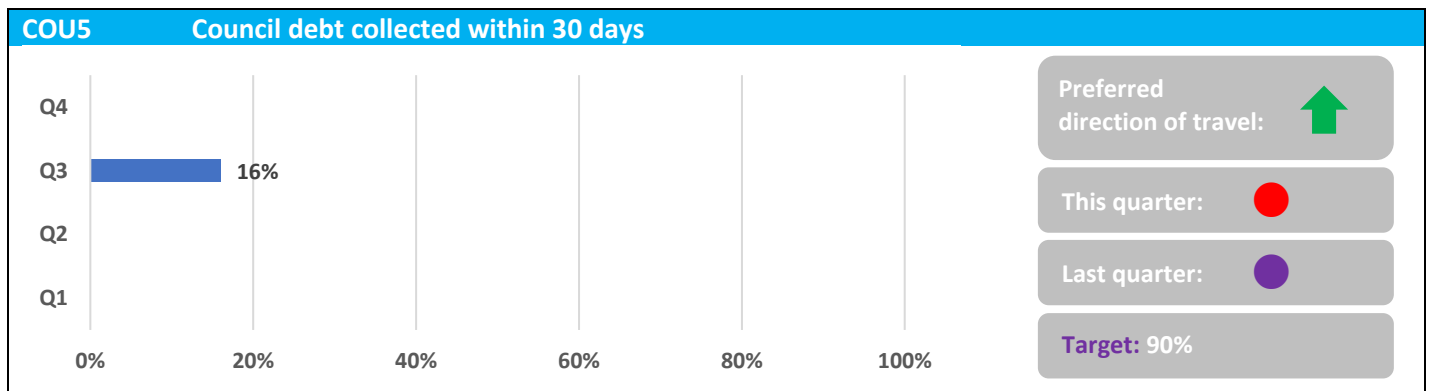
| COU1 Number of customer complaints received |                                     |
|---|-------------------------------------|
| <b>Description:</b>                         | Data provided by Customer Services. |
| <b>Comments:</b>                            | No data submitted.                  |

| COU2 Number of customer complaints upheld |                                     |
|---|-------------------------------------|
| <b>Description:</b>                       | Data provided by Customer Services. |
| <b>Comments:</b>                          | No data submitted.                  |

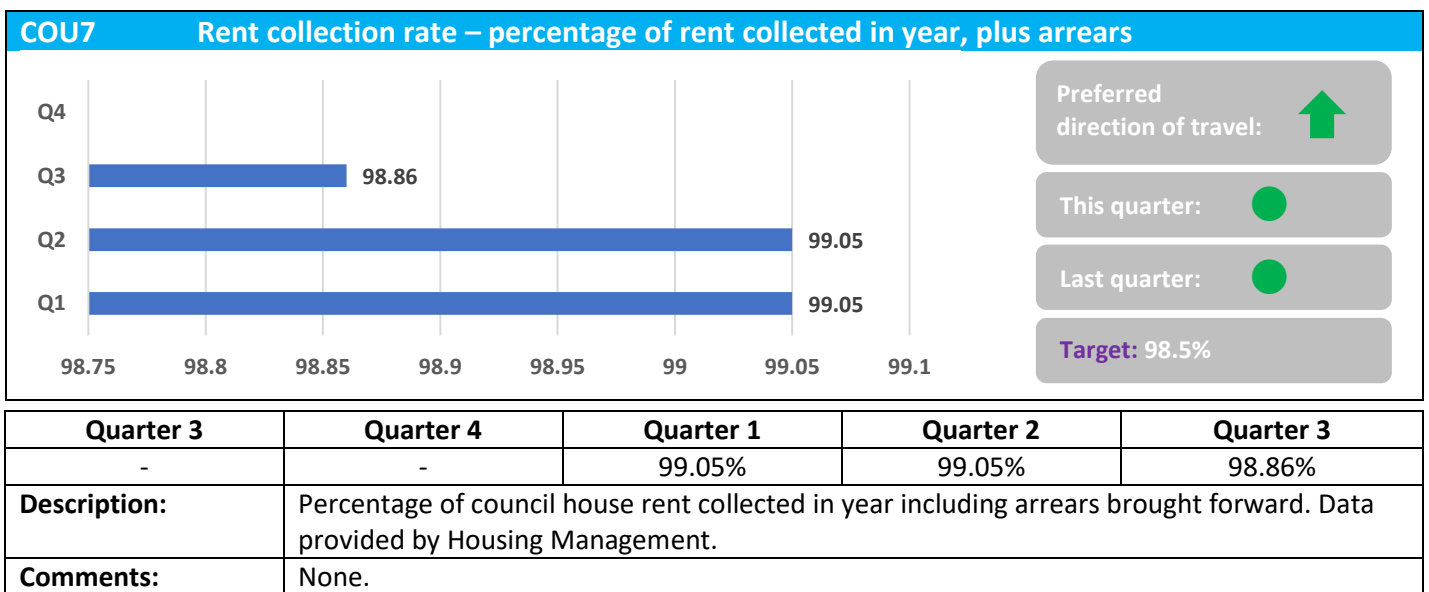
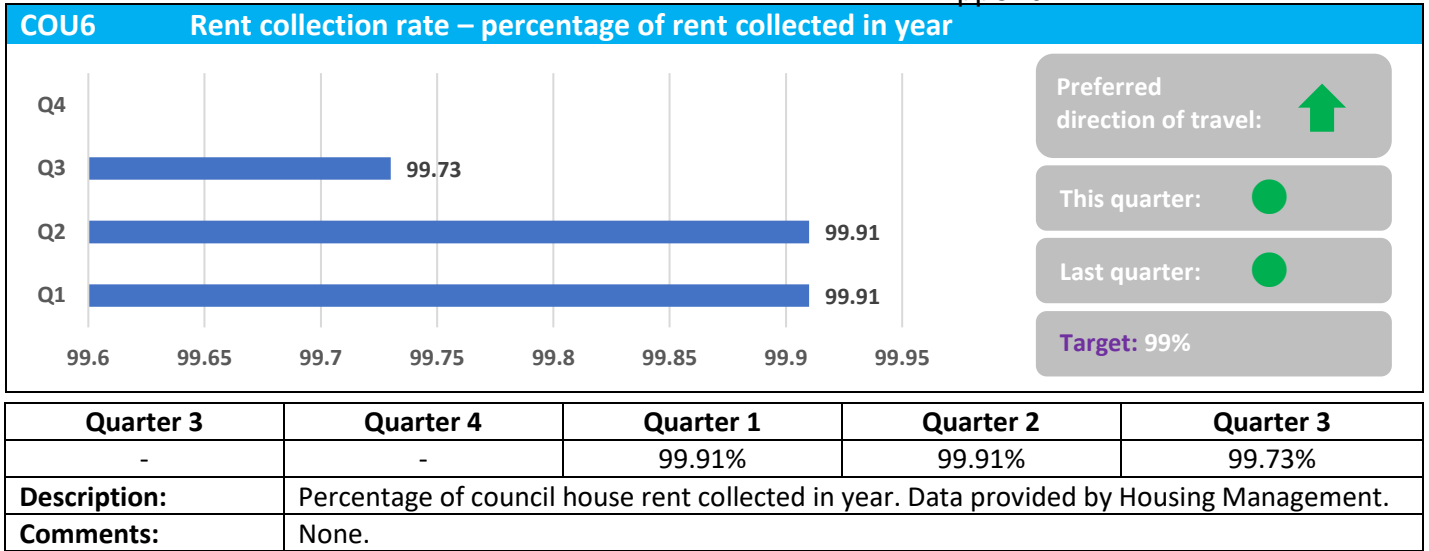
| COU3 Percentage of customer interactions, by telephone, resolved at first point of contact |                                     |
|--|-------------------------------------|
| <b>Description:</b>  | Data provided by Customer Services. |
| <b>Comments:</b>   | No data submitted.                  |



| Quarter 3           | Quarter 4 | Quarter 1   | Quarter 2 | Quarter 3 |
|---------------------|-----------|---|-----------|-----------|
| --                  | -         | -   | -         | 55%       |
| <b>Description:</b> |           | Percentage of Council suppliers paid within 30 days. Data provided by Case Services.  |           |           |
| <b>Comments:</b>    |           | Data not available for Q1-2 due to the closure of the eFinancials system. Q3 data is lower due to the embedding of our new Business World finance system. |           |           |



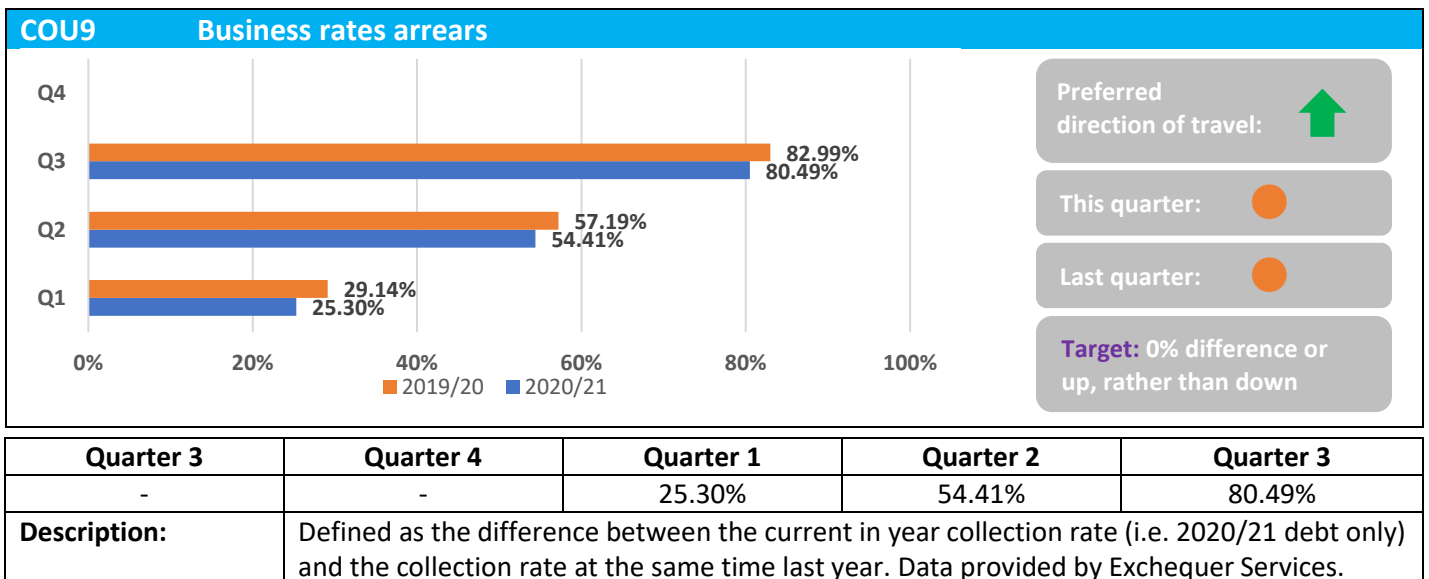
| Quarter 3           | Quarter 4 | Quarter 1   | Quarter 2 | Quarter 3 |
|---------------------|-----------|---|-----------|-----------|
| -                   | -         | -   | -         | 16%       |
| <b>Description:</b> |           | Percentage of debt owed to the Council collected within 30 days. Data provided by Case Services.  |           |           |
| <b>Comments:</b>    |           | Data not available for Q1-2 due to the closure of the eFinancials system. Q3 data is lower as we were not actively chasing debt to be paid within 30 days, due to COVID-19 and the cross over to our new Business World finance system. Although some debt was not collected within 30 days this does not mean that it has not been collected at a later stage. |           |           |



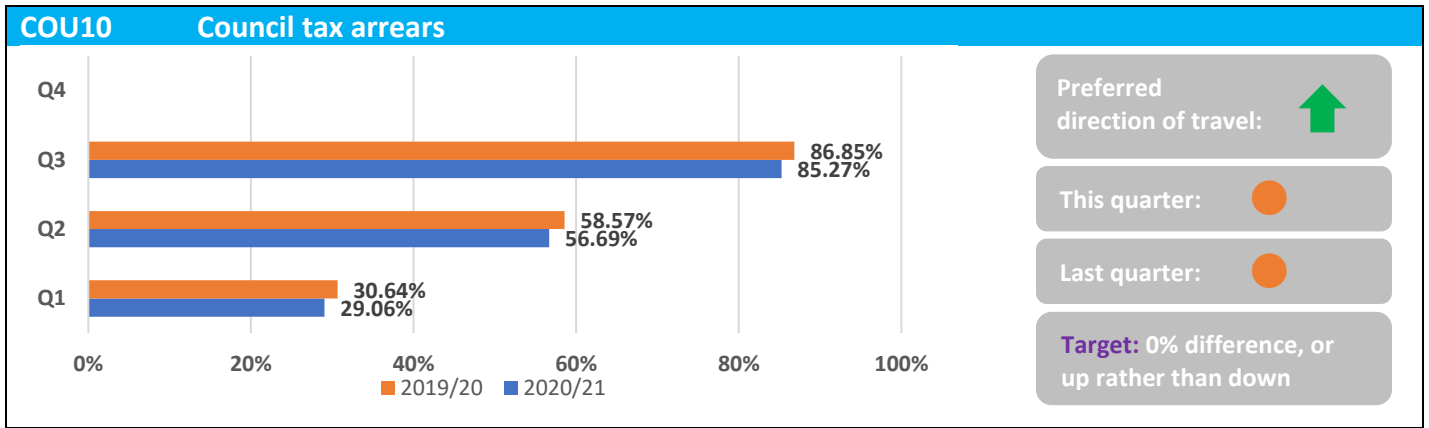
**COU8 Financial return on commercial property investments**

**Description:** Data provided by Asset Management.

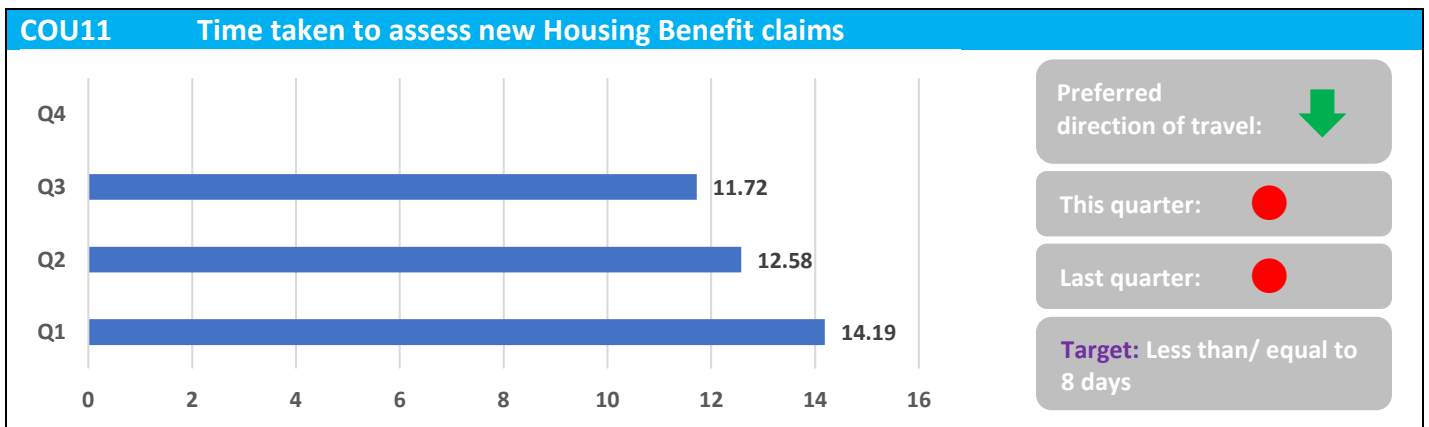
**Comments:** Annually recorded PI – data will be available from quarter 2 (2021/22).



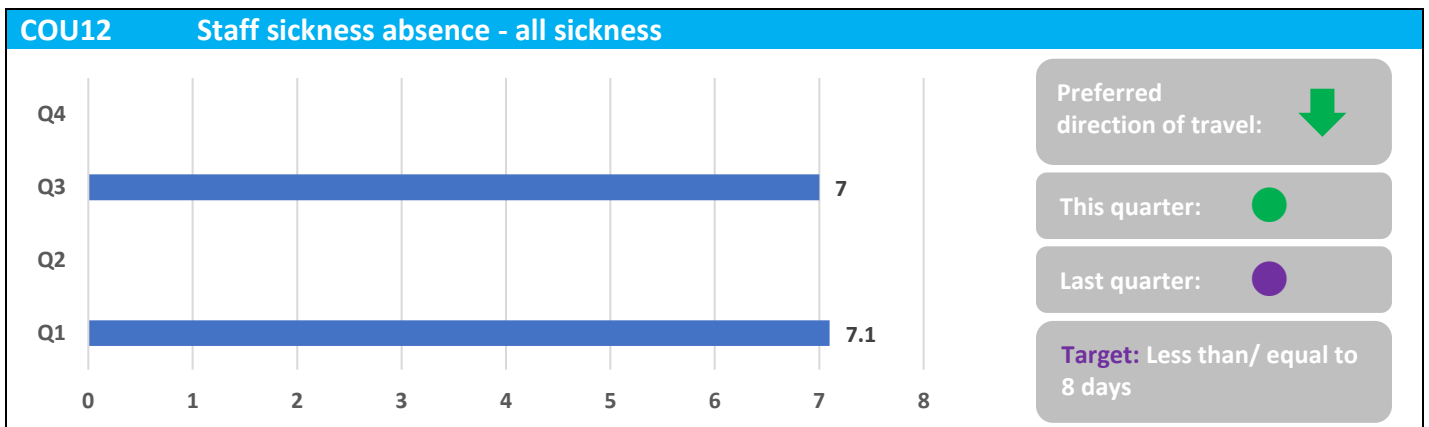
|                  |   |
|------------------|---|
| <b>Comments:</b> | The graph shows that 2020/21 is currently (Q3) down by 2.50% on last year. There are frequently variances due to the timing of the end of the month and weekends. |
|------------------|---|



| Quarter 3   | Quarter 4 | Quarter 1 | Quarter 2 | Quarter 3 |
|---|-----------|-----------|-----------|-----------|
| -   | -         | 29.06%    | 56.69%    | 85.27%    |
| <b>Description:</b> Defined as the difference between the current in year collection rate (i.e. 2020/21 debt only) and the collection rate at the same time last year. Data provided by Exchequer Services. |           |           |           |           |
| <b>Comments:</b> The graph shows that 2020/21 is currently (Q3) down by 1.58% on last year. There are frequently variances due to the timing of the end of the month and weekends.                          |           |           |           |           |

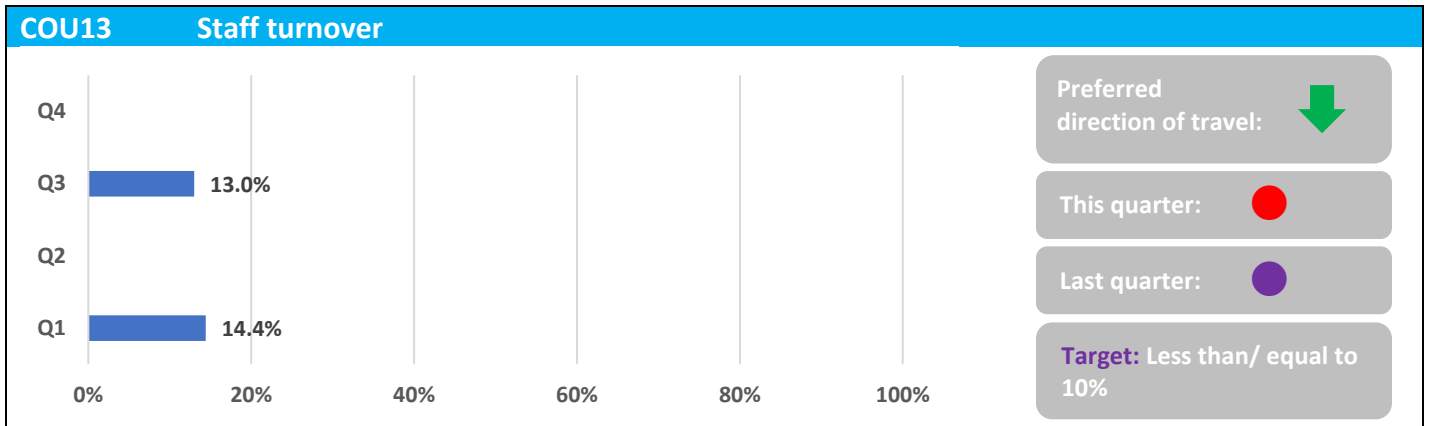


| Quarter 3  | Quarter 4 | Quarter 1  | Quarter 2  | Quarter 3  |
|--|-----------|------------|------------|------------|
| -  | -         | 14.19 days | 12.58 days | 11.72 days |
| <b>Description:</b> Days taken to process new Housing Benefit Claims. Data provided by Exchequer Services. |           |            |            |            |
| <b>Comments:</b> None.   |           |            |            |            |

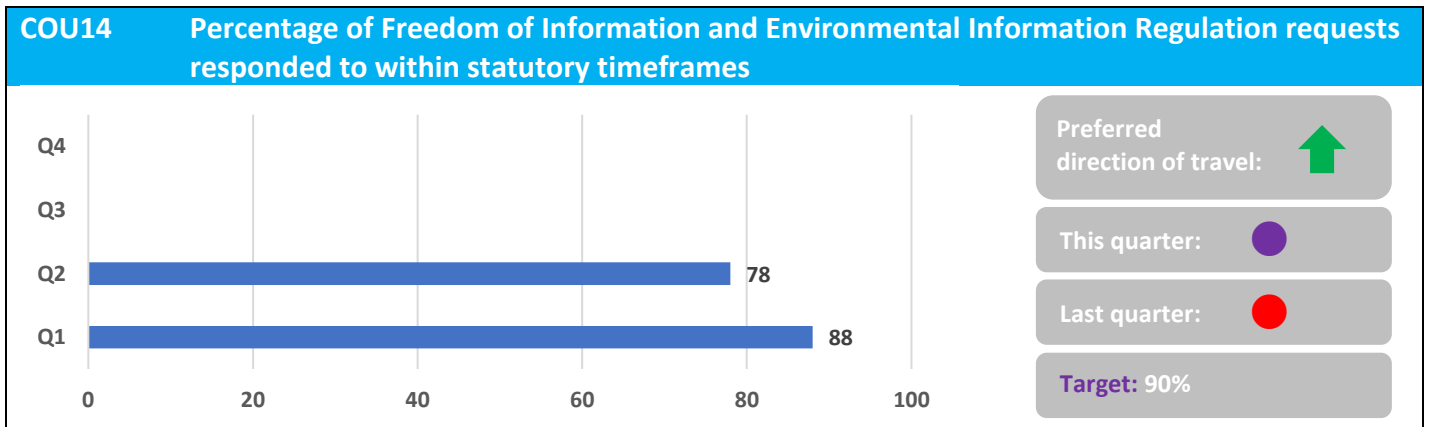


| Quarter 3 | Quarter 4 | Quarter 1 | Quarter 2 | Quarter 3 |
|-----------|-----------|-----------|-----------|-----------|
| 7.9 days  | 7.7 days  | 7.1 days  | -         | 7 days    |

|                     |  |
|---------------------|--|
| <b>Description:</b> | Rolling year to date number of working days/ shifts lost due to sickness absence. This is calculated by the number of long- and short-term sickness absence days divided by the number of full-time equivalent staff. Data provided by HR. |
| <b>Comments:</b>    | Q2 figures could not be extracted from Business World as the sickness absence data did not transfer initially.   |

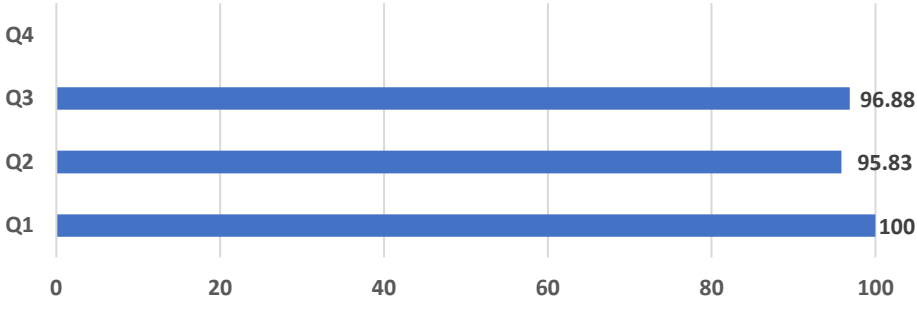


| Quarter 3           | Quarter 4  | Quarter 1 | Quarter 2 | Quarter 3 |
|---------------------|--|-----------|-----------|-----------|
| 14.0%               | 14.8%  | 14.4%     | -         | 13.0%     |
| <b>Description:</b> | This is a rolling year-to-date figure calculated from the total number of staff leaving (voluntarily and non-voluntary) as a percentage of total staff in post. Data provided by HR. |           |           |           |
| <b>Comments:</b>    | Q2 figures could not be extracted from Business World as the sickness absence data did not transfer initially.   |           |           |           |



| Quarter 3           | Quarter 4   | Quarter 1 | Quarter 2 | Quarter 3 |
|---------------------|---|-----------|-----------|-----------|
| -                   | -   | 88%       | 78%       | -         |
| <b>Description:</b> | Percentage of FOI/ EIR responses given within the statutory timeframe of 20 days. Data provided by Strategy and Communications. |           |           |           |
| <b>Comments:</b>    | Reporting lag of 1 month due to 20 working day deadline (some FOIs will still be within their due date after the month ends).   |           |           |           |

**COU15 Speed of determining planning applications for major development (%)**



Preferred direction of travel:

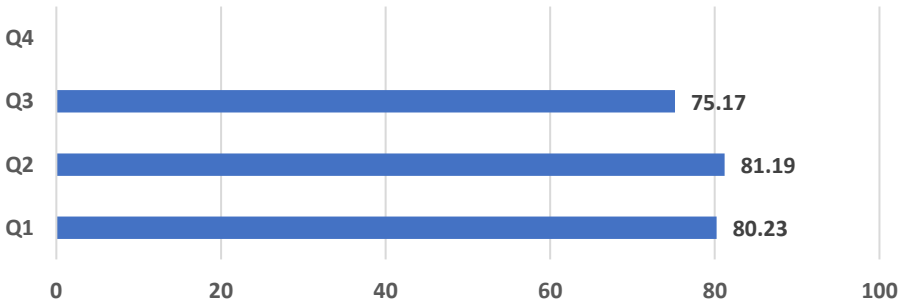
This quarter:

Last quarter:

Target: 60%

| Quarter 3           | Quarter 4 | Quarter 1  | Quarter 2 | Quarter 3 |
|---------------------|-----------|--|-----------|-----------|
| 96.55%              | 97.14%    | 100%   | 95.83%    | 96.88%    |
| <b>Description:</b> |           | Figure for each quarter (as per the Combined Development Control (PS1 and PS2) Form) of the percentage of decisions on applications made within 13 weeks. Data provided by Development Management. |           |           |
| <b>Comments:</b>    |           | None.  |           |           |

**COU16 Speed of determining planning applications for minor development (%)**



Preferred direction of travel:

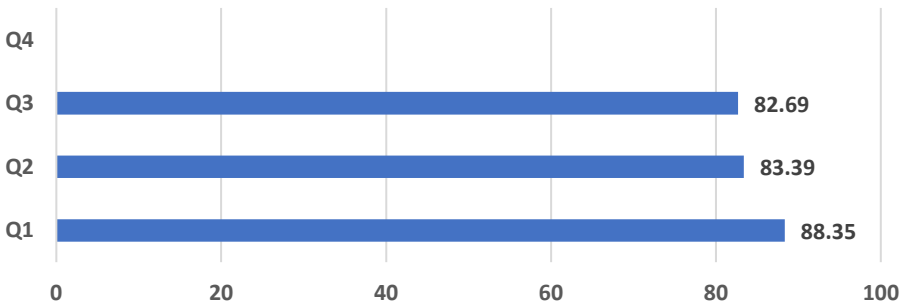
This quarter:

Last quarter:

Target: 70%

| Quarter 3           | Quarter 4 | Quarter 1   | Quarter 2 | Quarter 3 |
|---------------------|-----------|---|-----------|-----------|
| -                   | -         | 80.23%  | 81.19%    | 75.17%    |
| <b>Description:</b> |           | Figure for each quarter (as per the Combined Development Control (PS1 and PS2) Form) of the percentage of decisions on applications made within 8 weeks. Data provided by Development Management. |           |           |
| <b>Comments:</b>    |           | None.   |           |           |

**COU17 Speed of determining planning applications for other development (%)**



Preferred direction of travel:

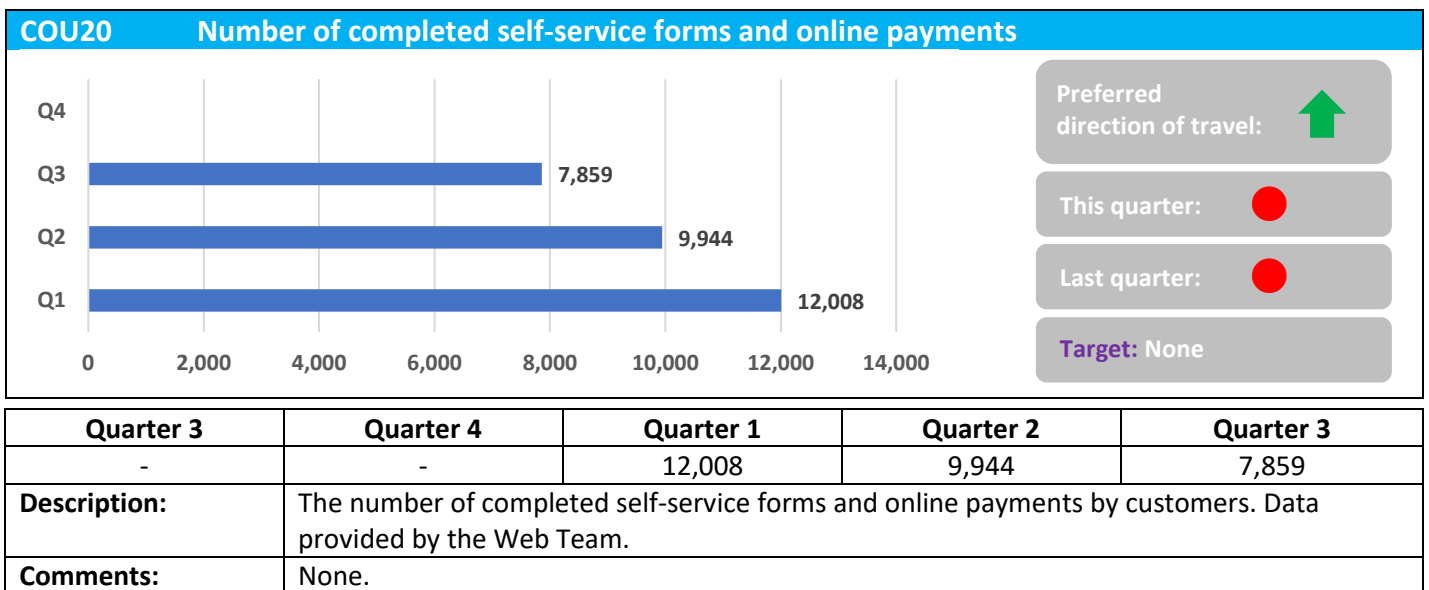
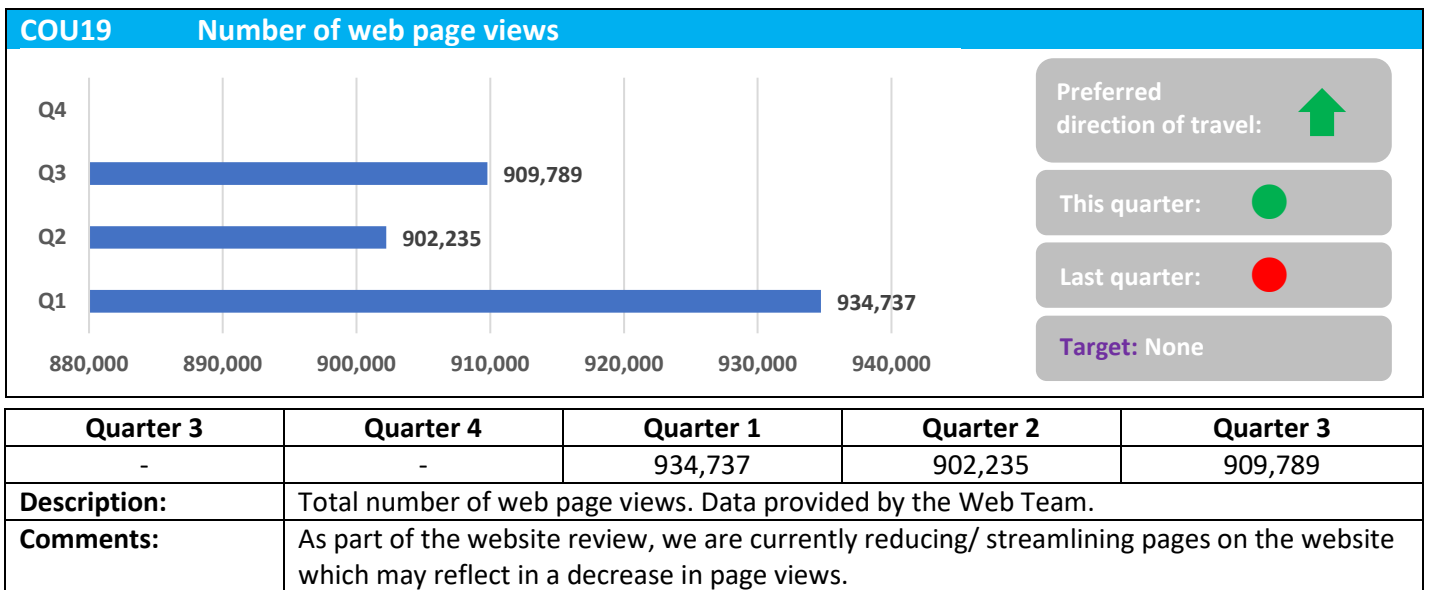
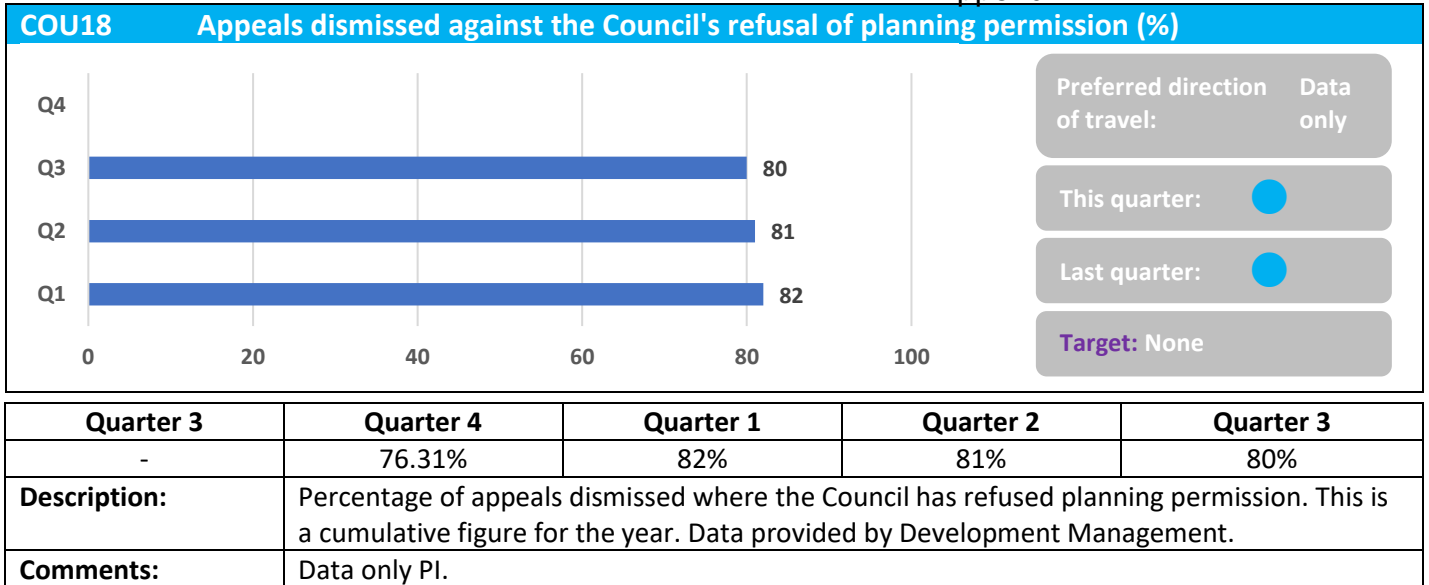
This quarter:

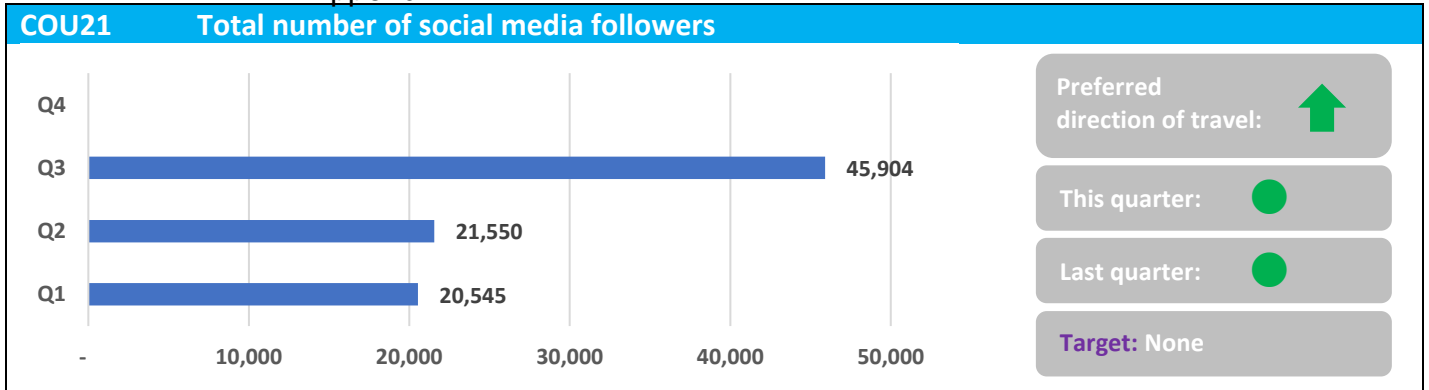
Last quarter:

Target: 85%

| Quarter 3           | Quarter 4 | Quarter 1   | Quarter 2 | Quarter 3 |
|---------------------|-----------|---|-----------|-----------|
| -                   | -         | 88.35%  | 83.39%    | 82.69%    |
| <b>Description:</b> |           | Figure for each quarter (as per the Combined Development Control (PS1 and PS2) Form) of the percentage of decisions on applications made within 8 weeks. Data provided by Development Management. |           |           |
| <b>Comments:</b>    |           | None.   |           |           |







| Quarter 3           | Quarter 4  | Quarter 1 | Quarter 2 | Quarter 3 |
|---------------------|--|-----------|-----------|-----------|
| -                   | -  | 20,545    | 21,550    | 45,904    |
| <b>Description:</b> | Total number of social media followers across all platforms. Data provided by Communications.  |           |           |           |
| <b>Comments:</b>    | The increase from Q2 to Q3 is due to joining Next Door <a href="https://nextdoor.co.uk/city/feed/">https://nextdoor.co.uk/city/feed/</a> as a Public Service which instantly gave us 22,550 followers. |           |           |           |

## 6. Conclusion

For the first report in our new performance monitoring framework, we have shown an overall positive picture of our Council's performance.

Combined data across all three quarters showed nearly a third (31%) of all PI were on target or within tolerances. Less than a fifth (18%) were off track, or not meeting targets. This highlights a continuation of Council operations and services, despite the setbacks experienced with the COVID-19 pandemic.

Those PI which, across all three quarters, were rated as 'no data' (i.e. no data was submitted for this report) made up just over a third (37%) of all PI and the major reason for the lack of data submission was due to our response to the pandemic.

As the performance management framework and associated processes embed themselves within the organisation, we would hope to see fewer PI rated as 'no data'. A contributory factor to this will be our (national) recovery from COVID-19 and for frontline services to begin to return to more normal 'business as usual' activities. Our service planning process is one which will also underline and drive forward submission of data for PI monitoring going forward.

The next performance monitoring report will be available in the new financial year (2021/22).

## 7. Annex – PI and their responsible owners and councillors

For each PI the table below shows the relevant Service Leader ‘owner’ and appropriate Lead Councillor.

| Ref no | Broad theme | Performance indicator   | Directorate      | Lead Councillor | Service Leader          | Service area/ source  |
|--------|-------------|---|------------------|-----------------|-------------------------|-----------------------|
| ENV1   | Environment | CO2 emissions from Council operations   | Strategy         | Jan Harwood     | Marieke van der Reijden | Asset Management      |
| ENV2   | Environment | Energy use by the Council   | Strategy         | Jan Harwood     | Marieke van der Reijden | Asset Management      |
| ENV3   | Environment | Nitrogen dioxide concentration at monitoring site(s) at risk of exceeding limits    | Service Delivery | James Steel     | Justine Fuller          | Regulatory Services   |
| ENV4   | Environment | Kilograms of domestic residual waste collected, per household, from the kerbside    | Service Delivery | James Steel     | Chris Wheeler           | Waste Services        |
| ENV5   | Environment | Number of fly tips  | Service Delivery | James Steel     | Chris Wheeler           | Street Scene          |
| ENV6   | Environment | Conservation sites in positive management (% of all sites)                          | Service Delivery | James Steel     | Paul Stacey             | Parks and Countryside |
| ENV7   | Environment | Household waste recycled and composted  | Service Delivery | James Steel     | Chris Wheeler           | Waste Services        |
| ECO1   | Economy     | Occupancy rates of commercial property investments                                  | Strategy         | Tim Anderson    | Marieke van der Reijden | Asset Development     |
| ECO2   | Economy     | Total number of empty days in rateable properties                                   | Service Delivery | John Redpath    | Belinda Hayden          | Exchequer Services    |
| ECO3   | Economy     | Number of empty rateable properties   | Service Delivery | John Redpath    | Belinda Hayden          | Exchequer Services    |
| ECO4   | Economy     | Net change in completed commercial and business floorspace (B1, B2 and B8)          | Strategy         | Jan Harwood     | Stuart Harrison         | Planning Policy       |
| ECO5a  | Economy     | Number of businesses in receipt of Expanded Retail Discount or the Nursery discount | Service Delivery | John Redpath    | Belinda Hayden          | Exchequer Services    |

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| Ref no | Broad theme | Performance indicator  | Directorate      | Lead Councillor | Service Leader     | Service area/ source |
|--------|-------------|--|------------------|-----------------|--------------------|----------------------|
| ECO5b  | Economy     | Financial value of businesses in receipt of Expanded Retail Discount or the Nursery discount | Service Delivery | John Redpath    | Belinda Hayden     | Exchequer Services   |
| ECO6   | Economy     | Percentage of vacant town centre retail units  | Strategy         | John Redpath    | Steve Benbough     | Experience Guildford |
| ECO7   | Economy     | Visits to town centre car parks  | Service Delivery | James Steel     | Chris Wheeler      | Parking Services     |
| ECO8   | Economy     | Number of new food premises registrations  | Service Delivery | James Steel     | Justine Fuller     | Regulatory Services  |
| COM1   | Community   | Number of clients for day care support (all activities)                                      | Service Delivery | Julia McShane   | Samantha Hutchison | Community Services   |
| COM2   | Community   | Number of community transport users  | Service Delivery | Julia McShane   | Samantha Hutchison | Community Services   |
| COM3   | Community   | Number of meals on wheels clients  | Service Delivery | Julia McShane   | Samantha Hutchison | Community Services   |
| COM4   | Community   | Average waiting time for Council housing (Band C)  | Service Delivery | Caroline Reeves | Siobhan Kennedy    | Housing Advice       |
| COM5   | Community   | Total number of households on housing needs register   | Service Delivery | Caroline Reeves | Siobhan Kennedy    | Housing Advice       |
| COM6   | Community   | Total number on housing transfer register  | Service Delivery | Caroline Reeves | Siobhan Kennedy    | Housing Advice       |
| COM7   | Community   | Number of handyperson jobs completed   | Service Delivery | Julia McShane   | Justine Fuller     | Regulatory Services  |
| COM8   | Community   | Number of Care and Repair jobs completed   | Service Delivery | Julia McShane   | Justine Fuller     | Regulatory Services  |
| COM9   | Community   | Number of public sector adaptations completed  | Service Delivery | Julia McShane   | Justine Fuller     | Regulatory Services  |
| COM10  | Community   | Average time to let void housing properties  | Service Delivery | Caroline Reeves | Siobhan Kennedy    | Housing Advice       |
| COM11  | Community   | Number of empty homes  | Service Delivery | Caroline Reeves | Justine Fuller     | Regulatory Services  |

| Ref no | Broad theme | Performance indicator   | Directorate      | Lead Councillor | Service Leader  | Service area/ source  |
|--------|-------------|---|------------------|-----------------|-----------------|-----------------------|
| COM12  | Community   | Number of households living in temporary accommodation  | Service Delivery | Caroline Reeves | Siobhan Kennedy | Housing Advice        |
| COM13  | Community   | Snapshot of rough sleepers  | Service Delivery | Caroline Reeves | Siobhan Kennedy | Housing               |
| COM14  | Community   | Number of successful homelessness outcomes (prevention and relief case outcomes)                            | Service Delivery | Caroline Reeves | Siobhan Kennedy | Housing Advice        |
| COM15  | Community   | Local Council Tax Support claimants - pension and working age   | Service Delivery | Julia McShane   | Belinda Hayden  | Exchequer Services    |
| COM16  | Community   | Number of net new additional homes  | Strategy         | Jan Harwood     | Stuart Harrison | Planning Policy       |
| COM17  | Community   | Affordable new homes completed each year  | Service Delivery | Jan Harwood     | Siobhan Kennedy | Housing               |
| COM18  | Community   | Number of statutory nuisance investigations (noise, air quality, odour etc.)                                | Service Delivery | James Steel     | Justine Fuller  | Regulatory Services   |
| COM19  | Community   | Food businesses with a 'Score on the door' of 3 or over   | Service Delivery | James Steel     | Justine Fuller  | Regulatory Services   |
| COM20  | Community   | Total attendance at G Live  | Service Delivery | James Steel     | Jonathan Sewell | Leisure Services      |
| COM21  | Community   | Total visits to sports and leisure venues (Spectrum, Lido, Ash Manor)                                       | Service Delivery | James Steel     | Jonathan Sewell | Leisure Services      |
| COM22  | Community   | Total visits to heritage venues (Guildford Castle, Guildford House Gallery, Guildford Museum and Guildhall) | Service Delivery | John Redpath    | Paul Stacey     | Heritage              |
| COM23  | Community   | Total number of attendances at events, engagement and outreach sessions delivered by Heritage Services      | Service Delivery | John Redpath    | Paul Stacey     | Heritage              |
| COM24  | Community   | Number of bookings of sports pitches and courts   | Service Delivery | James Steel     | Paul Stacey     | Parks and Countryside |

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| Ref no | Broad theme | Performance indicator  | Directorate      | Lead Councillor | Service Leader          | Service area/ source  |
|--------|-------------|--|------------------|-----------------|-------------------------|-----------------------|
| COM25  | Community   | Total visitor numbers to parks and countryside sites                                     | Service Delivery | James Steel     | Paul Stacey             | Parks and Countryside |
| COM26  | Community   | Total number of 'green flag' open spaces   | Service Delivery | James Steel     | Paul Stacey             | Parks and Countryside |
| COU1   | Council     | Number of customer complaints received   | Service Delivery | Joss Bigmore    | Joan Poole              | Customer Services     |
| COU2   | Council     | Number of customer complaints upheld   | Service Delivery | Joss Bigmore    | Joan Poole              | Customer Services     |
| COU3   | Council     | Percentage of customer interactions, by telephone, resolved at first point of contact    | Service Delivery | Joss Bigmore    | Joan Poole              | Customer Services     |
| COU4   | Council     | Council suppliers paid within 30 days  | Resources        | Tim Anderson    | Nicola Haymes           | Finance               |
| COU5   | Council     | Council debt collected within 30 days  | Resources        | Tim Anderson    | Nicola Haymes           | Finance               |
| COU6   | Council     | Rent collection rate - percentage of rent collected in year                              | Service Delivery | Tim Anderson    | Siobhan Rumble          | NHMS                  |
| COU7   | Council     | Rent collection rate - percentage of rent collected in year plus arrears brought forward | Service Delivery | Tim Anderson    | Siobhan Rumble          | NHMS                  |
| COU8   | Council     | Financial return on commercial property investments                                      | Strategy         | Tim Anderson    | Marieke van der Reijden | Asset Development     |
| COU9   | Council     | Business rates arrears   | Service Delivery | Tim Anderson    | Belinda Hayden          | Exchequer Services    |
| COU10  | Council     | Council tax arrears  | Service Delivery | Tim Anderson    | Belinda Hayden          | Exchequer Services    |
| COU11  | Council     | Time taken to assess new Housing Benefit claims  | Service Delivery | Caroline Reeves | Belinda Hayden          | Exchequer Services    |
| COU12  | Council     | Staff sickness absence - all sickness  | Resources        | Joss Bigmore    | Francesca Smith         | HR                    |
| COU13  | Council     | Staff turnover   | Resources        | Joss Bigmore    | Francesca Smith         | HR                    |

| Ref no | Broad theme | Performance indicator   | Directorate      | Lead Councillor | Service Leader  | Service area/ source      |
|--------|-------------|---|------------------|-----------------|-----------------|---------------------------|
| COU14  | Council     | Percentage of Freedom of Information and Environmental Information Regulation requests responded to within statutory timeframes | Strategy         | Joss Bigmore    | Steve Benbough  | Strategy & Communications |
| COU15  | Council     | Speed of determining applications for major development (%)   | Service Delivery | Caroline Reeves | Tim Dawes       | Planning                  |
| COU16  | Council     | Speed of determining applications for minor development (%)   | Service Delivery | Caroline Reeves | Tim Dawes       | Planning                  |
| COU17  | Council     | Speed of determining applications for other development (%)   | Service Delivery | Caroline Reeves | Tim Dawes       | Planning                  |
| COU18  | Council     | Appeals dismissed against the Council's refusal of planning permission (%)  | Service Delivery | Caroline Reeves | Tim Dawes       | Planning                  |
| COU19  | Council     | Number of web page views  | Service Delivery | Joss Bigmore    | Melanie Battams | Web                       |
| COU20  | Council     | Number of completed self-service forms and online payments  | Service Delivery | Joss Bigmore    | Melanie Battams | Web                       |
| COU21  | Council     | Total number of social media followers (all platforms)  | Strategy         | Caroline Reeves | Steve Benbough  | Communications            |

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Corporate Governance and Standards Committee Report

Ward(s) affected: All

Report of Director of Resources

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Date: 25 March 2021

## Final Audit Findings Report 2019-20

### Executive Summary

At its meeting on 26 November 2020, the Committee received the statement of accounts for 2019-20 and the draft Audit Findings Report from the Council's external auditors, Grant Thornton. At the time it was anticipated that the auditors would still sign off the accounts by the November Deadline. Unfortunately, the audit of the accounts has taken much longer than expected, partly due to the issues with working remotely during the COVID19 pandemic and partly due to 2019-20 being the first year that the Council has produced and required the audit of 'Group Accounts'.

The Council has a subsidiary company, Guildford Borough Council Holdings Ltd, which in turn has a subsidiary company, North Downs Housing Ltd. The Accounts of North Downs Housing Ltd were required to be consolidated into Guildford Borough Council Holdings Ltd and then the consolidated accounts of Guildford Borough Council Holdings Ltd were required to be consolidated, along with the Council's single entity accounts, into the Guildford Borough Council Group Accounts. This is the first year that the subsidiary companies have been of sufficient size that they required consolidation into the Group Accounts.

As part of the audit, a number of adjustments have been made to the accounts, which are detailed on pages 48 to 55 of the audit report at Appendix 1. The auditors have raised 12 further recommendations that were not reported to the Committee in November, and these can be seen on pages 31 to 35 of the attached audit report. Officers are currently considering the management responses and will report these to the Committee on the Supplementary Information Sheet to be circulated prior to the meeting.

The audit is now complete and a revised final version of the accounts has been presented to the auditors who are now ready to issue an unqualified audit opinion on the 2019-20 accounts.

**Recommendation to Committee**

- (1) That the Audit Findings report for Guildford Borough Council for 2019-20, as detailed in Appendix 1, be noted.
- (2) That the letter of representation, as set out in Appendix 2 to this report, be approved, and that the Chairman be authorised to sign the letter on the Council's behalf.

Reason for Recommendation:

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

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

**1. Purpose of Report**

- 1.1 The report asks the Committee to consider the external auditor's Audit Findings report (AFR) for the 2019-20 financial year and the issues it raises.

**2. Strategic Priorities**

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

**3. Background**

- 3.1 Grant Thornton prepares its AFR to meet the requirements of the Local Audit and Accountability Act 2014 and the National Audit Office Code of Audit Practice by reporting on:

- (a) the Council's financial statements; and
- (b) whether the Council has made proper arrangements for securing value for money in its use of resources

- 3.2 The International Standard on Auditing 260 requires "those charged with governance" to consider the report before the external auditor can sign off his opinion on the accounts. The statutory deadline for issuing the audit opinion is normally 31 July; however, due to the Covid pandemic, this was extended to 30 November 2020 for the 2019-20 accounts. Despite the deadline extension, there is an issue across the sector where a significant number of local authority accounts have not been signed off by the deadline due to the complexity of remote auditing.

- 3.3 The Audit is now finally complete, and Grant Thornton have issued their final audit findings report. The changes between this version of the report and the version presented to the Committee on 26 November 2020 have been highlighted in yellow for ease of reference. The auditor will provide an unqualified opinion on the Council's accounts but will include an Emphasis of Matter paragraph relating to material uncertainties surrounding the valuation of land and buildings, investment properties and the Council's share of the pension fund

investments as at 31 March 2020 due to uncertainty in valuation caused by the Covid 19 Pandemic.

- 3.4 The Council has a subsidiary company, Guildford Borough Council Holdings Ltd, which in turn has a subsidiary company, North Downs housing Ltd. The Accounts of North Downs Housing were required to be consolidated into Guildford Borough Council Holdings Ltd and then the consolidated accounts of Guildford Borough Council Holdings Ltd were required to be consolidated, along with the Council's single entity accounts, into the Guildford Borough Council Group Accounts. This is the first year that the subsidiary companies have been of sufficient size that they required consolidation into the Group Accounts.
- 3.5 As part of the audit, a number of adjustments have been made to the accounts, which are detailed on pages 48 to 55 of the audit report at Appendix 1. The auditors have raised 12 further recommendations that were not reported to the Committee in November, and these can be seen on pages 31 to 35 of the attached audit report, Officers are currently considering the management responses and will report these to the Committee on the Supplementary Information Sheet to be circulated prior to the meeting. The audit is now complete, and a revised final version of the accounts has been presented to the auditors who are now ready to issue an unqualified audit opinion on the 2019-20 accounts.

#### **4. Financial Implications**

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

#### **5. Legal Implications**

- 5.1 The International Standard on Auditing (UK and Ireland) 260 requires the external auditor to report any issues arising from the audit of the Financial Statements to those charged within governance. In the Council's case, this is the Corporate Governance and Standards Committee.
- 5.2 The International Standard on Auditing (UK and Ireland) 580 requires the Chief Financial Officer to send a letter of representation to the external auditor. Appendix 2 is a draft of the 2019-20 letter of representation, which officers recommend that the Committee approves and that the chairman be authorised to sign the letter of representation on the Council's behalf.

#### **6. Human Resource Implications**

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

#### **7. Conclusion**

- 7.1 The audit of the 2019-20 accounts is complete and the independent auditor intends to issue an unqualified opinion on the financial statements, which the CFO will re-certify in accordance with the Accounts and Audit Regulations 2015.

**8. Background Papers**

None

**9. Appendices**

Appendix 1: The Audit Findings for Guildford Borough Council – Final Year ended  
31 March 2020 (March 2021)

Appendix 2: Draft Letter of Representation



# The Audit Findings for Guildford Borough Council - FINAL

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March 2021

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1. Headlines
2. Financial statements
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## Appendices

- A. Action plan
- B. Follow up of prior year recommendations
- C. Audit adjustments
- D. Fees
- E. VfM Supplementary recommendations follow up

The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed for the purpose of expressing our opinion on the financial statements. Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify control weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose all defalcations or other irregularities, or to include all possible improvements in internal control that a more extensive special examination might identify. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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# Headlines

This table summarises the key findings and other matters arising from the statutory audit of Guildford Borough Council ('the Council') and the preparation of the group and Council's financial statements for the year ended 31 March 2020 for those charged with governance.

|                                    |   |   |
|------------------------------------|---|---|
| <p><b>Covid-19</b></p>             | <p>The outbreak of the Covid-19 coronavirus pandemic has had a significant impact on the normal operations of the group and Council.</p> <p>The Council have been significantly impacted by Covid-19, with front-line challenges, administration of significant volumes of grants to businesses, closure of schools and car parks, and the additional challenges of reopening services under new government guidelines.</p> <p>The direct impact on the core finance team has been more limited, with minimal changes to staff sickness rates, and remote working already being part of the normal course of business. However, the Finance team at Guildford Borough Council have been heavily involved in the response to the pandemic locally, both in terms of the direct response and in terms of emergency finance arrangements.</p> <p>Authorities are still required to prepare financial statements in accordance with the relevant accounting standards and the CIPFA Code of Practice, albeit to an extended deadline for the preparation of the financial statements up to 31 August 2020 and the date for audited financials statements to 30 November 2020.</p> | <p>The impact of the pandemic on our audit was considered as part of the audit plan dated April 2020 where we identified a financial statement significant risk in respect of Covid-19.</p> <p>Restrictions for non-essential travel has meant both you and us have had to deliver the audit via remote access working arrangements, which has included accessing financial systems remotely, video calling, physical verification of completeness and accuracy of information produced by the entity. However we have been able to work well with you to keep the overall impact on the audit to a minimum, as evidenced by the progress made and documented within this Report.</p>   |
| <p><b>Financial Statements</b></p> | <p>Under International Standards of Audit (UK) (ISAs) and the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to report whether, in our opinion, the group and Council's financial statements:</p> <ul style="list-style-type: none"> <li>• give a true and fair view of the financial position of the group and Council and the group and Council's income and expenditure for the year; and</li> <li>• have been properly prepared in accordance with the CIPFA/LASAAC code of practice on local authority accounting and prepared in accordance with the Local Audit and Accountability Act 2014.</li> </ul> <p>We are also required to report whether other information published together with the audited financial statements (including the Annual Governance Statement (AGS), Narrative Report), is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.</p>   | <p>Our audit work was completed remotely during October-February. Our findings are summarised on pages 5 to 18. We have identified five adjustments to the financial statements; one has resulted in an adjustment to the Council's Comprehensive Income and Expenditure Statement. Audit adjustments are detailed in Appendix C. We have also raised recommendations for management as a result of our audit work in Appendix A. Our follow up of recommendations from the prior year's audit are detailed in Appendix B. Our work is currently in progress; to date there are no matters of which we are aware that would require qualification of our audit opinion or material changes to the financial statements, subject to the list of outstanding matters set out on page 5.</p> <p>We have concluded that the other information to be published with the financial statements is consistent with our knowledge of your organisation.</p> <p>Our anticipated audit report opinion will be unqualified including an Emphasis of Matter paragraph, highlighting material uncertainties around the valuation of land and buildings, investment properties and your share of pension fund property investments as at 31 March 2020, which you have reflected in your accounts.</p> |

# Headlines

This table summarises the key findings and other matters arising from the statutory audit of Guildford Borough Council ('the Council') and the preparation of the group and Council's financial statements for the year ended 31 March 2020 for those charged with governance.

|                                     |  |   |
|-------------------------------------|--|---|
| <b>Value for Money arrangements</b> | Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to report if, in our opinion, the Council has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources ('the value for money (VfM) conclusion').            | <p>We have completed our risk based review of the Council's value for money arrangements. We have concluded that Guildford Borough Council has proper arrangements to secure economy, efficiency and effectiveness in its use of resources.</p> <p>We have updated our VfM risk assessment to document our understanding of your arrangements to ensure critical business continuity in the current environment. We have not identified any new VfM risks in relation to Covid-19.</p> <p>We therefore anticipate issuing an unqualified value for money conclusion. Our findings are summarised on pages 20 to 27.</p> |
| <b>Statutory duties</b>             | <p>The Local Audit and Accountability Act 2014 ('the Act') also requires us to:</p> <ul style="list-style-type: none"> <li>report to you if we have applied any of the additional powers and duties ascribed to us under the Act; and</li> <li>To certify the closure of the audit.</li> </ul> | <p>We have not exercised any of our additional statutory powers or duties.</p> <p>We expect to be able to certify the completion of the audit when we give our audit opinion.</p>   |

## Acknowledgements

We would like to take this opportunity to record our appreciation for the assistance and timely collaboration provided by the finance team and other staff during these unprecedented times.

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# Audit approach

## Overview of the scope of our audit

This Audit Findings Report presents the observations arising from the audit that are significant to the responsibility of those charged with governance to oversee the financial reporting process, as required by International Standard on Auditing (UK) 260 and the Code of Audit Practice ('the Code'). Its contents have been discussed with management.

As auditor we are responsible for performing the audit, in accordance with International Standards on Auditing (UK) and the Code, which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities for the preparation of the financial statements.

## Audit approach

Our audit approach was based on a thorough understanding of the group's business and is risk based, and in particular included:

- An evaluation of the group's internal controls environment, including its IT systems and controls;
- An evaluation of the components of the group based on a measure of materiality considering each as a percentage of the group's gross revenue expenditure to assess the significance of the component and to determine the planned audit response. From this evaluation we determined that specified audit procedures for Property, Plant and Equipment balances of North Downs Housing Limited were required; these procedures were undertaken directly by Grant Thornton as part of the normal course of our audit.
- Substantive testing on significant transactions and material account balances, including the procedures outlined in this report in relation to the key audit risks

## Conclusion

Our audit work is now substantively complete. We expect to be able to issue an unqualified audit opinion subject to our outstanding queries being resolved and final accounts reviewed.

Our fieldwork substantively began on 5 October 2020 in line with the timetable agreed with management. However, we experienced significant initial delays in the provision of audit information required to start our testing. While this information has since been received, this initial delay has had a knock-on impact on the progress of fieldwork and the date of our opinion. In addition to this, the Group Accounts were not made available until 25 November, only four working days prior to the audit deadline of 30 November.

The Council are currently finalising the migration to a new ledger system 'Business World' which has also contributed to delays.

We acknowledge that some delays were contributed to by the use of a new audit platform for remote working; while we have engaged with management successfully to use this to support remote working, this was set up by the auditor during the first week of testing rather than at an earlier date, which contributed to administrative time required in the early stages of the review.

## Conclusion (continued)

The Corporate Governance & Standards Committee received an Audit Findings Report on 26 November 2020, along with a late sheet for any findings identified between the date of the draft audit findings and the Committee date. This final audit findings report incorporates the findings from both the original audit findings report and the late sheet, along with any findings identified since then. The findings identified relate to areas which had not been concluded on as part of our previous reports.

Our audit work is now substantively complete. We expect to be able to issue an unqualified audit opinion subject to our outstanding queries being resolved.

These outstanding items include:

- receipt of revised management representation letter; and
- review of the final set of financial statements.

# Audit approach

## Our approach to materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law.

Materiality levels remain the same as reported in our audit plan.

|   | Group Amount<br>(£ million) | Council Amount<br>(£ million) | Qualitative factors considered  |
|---|-----------------------------|-------------------------------|---|
| Materiality for the financial statements    | 2.210                       | 2.200                         | This is based on 1.9% of your gross revenue expenditure for the year 2019/20, based on your draft accounts. This benchmark was chosen based on our knowledge of District Councils, your reporting framework and how stakeholders use your accounts.                     |
| Performance materiality                     | 1.657                       | 1.650                         | This is based on 75% of the materiality benchmark   |
| Trivial matters                             | 0.100                       | 0.100                         | This is based on 5% of (council) materiality, rounded down to £0.1 million, and represents the level above which uncorrected omissions or misstatements are reported to those charged with governance.<br>Items below this are deemed to be 'trivial' for this purpose. |
| Materiality for senior officer remuneration | 0.100                       | 0.100                         | A separate materiality level has been added for senior officer remuneration, due to the sensitivity of these disclosures.   |

# Significant audit risks

## Risks identified in our Audit Plan

### Covid- 19 (Group and Council)

The global outbreak of the Covid-19 virus pandemic has led to unprecedented uncertainty for all organisations, requiring urgent business continuity arrangements to be implemented. We expect current circumstances will have an impact on the production and audit of the financial statements for the year ended 31 March 2020, including and not limited to;

- Remote working arrangements and redeployment of staff to critical front line duties may impact on the quality and timing of the production of the financial statements, and the evidence we can obtain through physical observation
- Volatility of financial and property markets will increase the uncertainty of assumptions applied by management to asset valuation and receivable recovery estimates, and the reliability of evidence we can obtain to corroborate management estimates
- Financial uncertainty will require management to reconsider financial forecasts supporting their going concern assessment and whether material uncertainties for a period of at least 12 months from the anticipated date of approval of the audited financial statements have arisen; and
- Disclosures within the financial statements will require significant revision to reflect the unprecedented situation and its impact on the preparation of the financial statements as at 31 March 2020 in accordance with IAS1, particularly in relation to material uncertainties.

We therefore identified the global outbreak of the Covid-19 virus as a financial statement level significant risk.

## Auditor commentary

We:

- worked with management to understand the implications the response to the Covid-19 pandemic had on the organisation's ability to prepare the financial statements and update financial forecasts and assessed the implications for our materiality calculations. No changes were made to materiality levels previously reported. The draft financial statements were provided on 31 August 2020;
- liaised with other audit suppliers, regulators and government departments to co-ordinate practical cross-sector responses to issues as and when they arose. Examples include the material uncertainty disclosed by the groups' property valuation expert;
- evaluated the adequacy of the disclosures in the financial statements that arose in light of the Covid-19 pandemic;
- evaluated whether sufficient audit evidence could be obtained through remote technology;
- evaluated whether sufficient audit evidence could be obtained to corroborate significant management estimates such as assets and the pension fund liability valuations;
- evaluated management's assumptions that underpin the revised financial forecasts and the impact on management's going concern assessment;
- discussed with management the implications for our audit report where we have been unable to obtain sufficient audit evidence.

**No issues have been identified with respect to this significant risk.** To the extent that Covid-19 has a bearing on Value for Money arrangements, this has been considered separately as part of our VfM work reported below.

# Significant audit risks

## Risks identified in our Audit Plan

### Revenue includes fraudulent transactions (rebutted) (Group and Council)

Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue.

## Auditor commentary

Having considered the risk factors set out in ISA240 and the nature of your revenue streams, we have determined that the risk of fraud arising from revenue recognition can be rebutted, because:

- there is little incentive to manipulate revenue recognition;
- opportunities to manipulate revenue recognition are very limited; and
- the culture and ethical frameworks of local authorities, including those at Guildford Borough Council, mean that all forms of fraud are seen as unacceptable.

Therefore we do not consider this to be a significant risk

### Management over-ride of controls (Council)

Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management override of controls is present in all entities. You face external scrutiny of your spending and this could potentially place management under undue pressure in terms of how they report performance.

We therefore identified management override of control, in particular journals, management estimates and transactions outside the course of business as a significant risk, which was one of the most significant assessed risks of material misstatement.

We have

- evaluated the design effectiveness of management controls over journals;
- analysed the journals listing and determined the criteria for selecting high risk unusual journals;
- tested unusual journals recorded during the year and after the draft accounts stage for appropriateness and corroboration;
- gained an understanding of the accounting estimates and critical judgements applied by management and considered their reasonableness with regard to corroborative evidence; and;
- evaluated the rationale for any changes in accounting policies, estimates or significant unusual transactions

**Our work has not identified any issues in respect of management override of controls.**

# Significant audit risks

## Risks identified in our Audit Plan

## Auditor commentary

### Valuation of land and buildings (Group and Council)

You revalue your land and buildings on a five-yearly basis. This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved (£739 million of property, plant and equipment in 2017/18) and the sensitivity of this estimate to changes in key assumptions. Additionally, management will need to ensure the carrying value in the financial statements is not materially different from the current value at the financial statements date, where a rolling programme is used. We therefore identified valuation of land and buildings as a significant risk, which was one of the most significant assessed risks of material misstatement, and a key audit matter.

We have

- evaluated management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work;
- evaluated the competence, capabilities and objectivity of the valuation expert;
- written to the valuer to confirm the basis on which the valuation was carried out;
- challenged the information and assumptions used by the valuer to assess completeness and consistency with our understanding;
- tested a sample of revaluations made during the year to see if they had been input correctly into the group's asset register; and;
- evaluated the assumptions made by management for those assets not revalued during the year and how management has satisfied themselves that these are not materially different to current value at year end.

At the time of writing our audit procedures in this area remain in progress. The Council's valuer prepared their valuations as at 31 March 2020. In their reports, they have confirmed that as a result of the Covid-19 pandemic and the subsequent restrictions and impact on market activity, less certainty – and a higher degree of caution – should be attached to their valuations than would normally be the case. Their valuations are reported on the basis of 'material valuation uncertainty'. The Council has reflected this uncertainty in the financial statements, and updated the wording in relation to investment properties as a result of audit challenge. We will refer to these material valuation uncertainties in our audit report as an emphasis of matter paragraph. This is not a qualification of the opinion.

As part of our procedures to date we have identified two potential errors with respect to other land and buildings, relating either to the timing of the valuation or the basis for valuation. We have recommended that management evaluate these to quantify any potential uncertainty as set out in Appendix A.

**No other material issues have been identified from our work to date.**

# Significant audit risks

## Risks identified in our Audit Plan

### Valuation of the pension fund net liability (Council)

Your pension fund net liability, as reflected in its balance sheet as the net defined benefit liability, represents a significant estimate in the financial statements.

The pension fund net liability is considered a significant estimate due to the size of the numbers involved (£115 million in your balance sheet in 2018/19) and the sensitivity of the estimate to changes in key assumptions.

We therefore identified valuation of your pension fund net liability as a significant risk, which was one of the most significant assessed risks of material misstatement, and a key audit matter.

## Auditor commentary

We have

- updated our understanding of the processes and controls put in place by management to ensure that the Council's pension fund net liability is not materially misstated and evaluate the design of the associated controls;
- evaluated the instructions issued by management to their management expert (an actuary) for this estimate and the scope of the actuary's work;
- assessed the competence, capabilities and objectivity of the actuary who carried out the Council's pension fund valuation;
- assessed the accuracy and completeness of the information provided by the Council to the actuary to estimate the liability;
- tested the consistency of the pension fund asset and liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary;
- undertook procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performing any additional procedures suggested within the report;
- obtained assurances from the auditor of Surrey Pension Fund as to the controls surrounding the validity and accuracy of membership data; contributions data and benefits data sent to the actuary by the pension fund and the fund assets valuation in the pension fund financial statements.

As discussed under 'Covid-19' above, the fund managers for the Pension Fund's pooled property and private equity investments and reported that valuations of these investments were subject to 'material valuation uncertainty' as at 31 March 2020, as a result of the impact of the Covid-19 pandemic on market activity in the real estate sector, meaning that less certainty, and a higher degree of caution, should be placed on the recorded valuation of these assets than would otherwise be the case.



This material uncertainty impacts in turn upon the valuation of the net defined benefit liability in the Council's balance sheet. The Council has included disclosures in relation to the material uncertainty identified with respect to pooled property investments. This disclosure will be referred to in our auditor's report in an emphasis of matter paragraph. This is not a qualification of the audit opinion.

**No further material issues have been identified which are required to be reported to those charged with governance.**

We have commented separately on the basis for the pension fund's estimation as part of our procedures on page 14.



# Significant findings – key estimates and judgements

| Accounting area  | Summary of management's policy   | Auditor commentary  | Assessment  |
|--|--|---|---|
| <b>Provisions for NNDR appeals - £2.932 million</b>          | The Council is responsible for repaying a proportion of successful rateable value appeals. Management uses internal expertise to calculate the level of provision required. This calculation is based upon the latest information about outstanding rates appeals provided by the Valuation Office Agency (VOA) and previous success rates.  | <p>We have not noted any issues with the completeness and accuracy of the underlying information used to determine the estimate.</p> <p>We have considered the approach taken by the Council to determine the provision, and it is in line with that used by other bodies in the sector.</p> <p>Disclosure of the estimate in the financial statements is considered adequate.</p>  | <br><b>(green)</b> |
| <b>Land and Buildings – Council Housing - £503.7 million</b> | The Council owns 5,220 dwellings and is required to revalue these properties in accordance with DCLG's Stock Valuation for Resource Accounting guidance. The guidance requires the use of beacon methodology, in which a detailed valuation of representative property types is then applied to similar properties. The Council has engaged Bruton Knowles to complete the valuation of these properties. The year end valuation of Council Housing was £503.7 million, a net decrease of £0.9 million from 2018/19 (£504.6m). | <p>We have no concerns over the competence, capabilities and objectivity of the valuation expert used by the Council.</p> <p>There have been no changes to the valuation method this year.</p> <p>We have considered the movements in the valuations of individual assets and their consistency with indices provided by Gerald Eve as our auditor's expert.</p> <p>We have considered the completeness and accuracy of the underlying information used to determine the estimate, and have not noted any non-trivial issues.</p> | <br><b>(green)</b> |

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## Assessment

- We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic
- We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
- We consider management's process is appropriate and key assumptions are neither optimistic or cautious


# Significant findings – key estimates and judgements

| Accounting area                                    | Summary of management's policy  | Auditor commentary   | Assessment                                       |
|--|---|--|--|
| <b>Land and Buildings – Other - £232.7 million</b> | <p>Other land and buildings comprises specialised assets such as the leisure centres, which are required to be valued at depreciated replacement cost (DRC) at year end, reflecting the cost of a modern equivalent asset necessary to deliver the same service provision.</p> <p>The remainder of other land and buildings are not specialised in nature and are required to be valued at existing use in value (EUUV) at year end. The Council has engaged its external valuer to complete the valuation of properties as at 31 March 2020 on a five yearly cyclical basis. 69% of total assets (by value) were revalued during 2019/20.</p> <p>In line with RICS guidance, the Group's valuer disclosed a material uncertainty in the valuation of the Council's land and buildings at 31 March 2020 as a result of Covid-19. The Council has included disclosures on this issue in Note 32.</p> <p>The valuation of properties valued by the valuer has resulted in a net decrease of £1.221 million. Management have considered the year end value of non-valued properties, and the potential valuation change in the assets revalued at 1 April 2019, based on the market review provided by the valuer as at 31 March 2020, to determine whether there has been a material change in the total value of these properties.</p> | <p>We have no concerns over the competence, capabilities and objectivity of the valuation expert used by the Council.</p> <p>There have been no changes to the valuation method this year.</p> <p>We have considered the movements in the valuations of individual assets and their consistency with indices provided by Gerald Eve as our auditor's expert.</p> <p>As part of our procedures to date we have identified two potential errors with respect to other land and buildings, relating either to the timing of the valuation or the basis for valuation. We have recommended that management evaluate these to quantify any potential uncertainty. Appendix A.</p> <p>Other than the points above, we have considered the completeness and accuracy of the underlying information used to determine the estimate, and have not noted any non-trivial issues to date.</p> | <p style="text-align: center;">●<br/>(green)</p> |

## Assessment

- We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic
- We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
- We consider management's process is appropriate and key assumptions are neither optimistic or cautious

# Significant findings – key estimates and judgements

| Accounting area                               | Summary of management’s policy   | Auditor commentary   | Assessment  |
|---|--|--|---|
| <b>Investment Properties – £153.4 million</b> | <p>Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.</p> <p>Investment properties are required to be revalued annually and held at their fair value.</p> <p>The valuation of properties valued by the valuer has resulted in a net decrease of £1.970 million.</p> | <p>We have no concerns over the competence, capabilities and objectivity of the valuation expert used by the Council.</p> <p>There have been no changes to the valuation method this year.</p> <p>We have considered the movements in the valuations of individual assets and their consistency with indices provided by Gerald Eve as our auditor’s expert.</p> <p>As part of our procedures to date we have identified one potential error with respect to investment properties, in relation to the basis of valuation. We have recommended that management evaluate these to quantify any potential uncertainty. The error stemmed from the fact that the property was valued as if it were operational rather than as an investment property. Appendix A.</p> <p>Other than the points above, we have considered the completeness and accuracy of the underlying information used to determine the estimate, and have not noted any non-trivial issues to date.</p> |  <p><b>(green)</b></p> |

**Assessment**

- We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- We consider the estimate is unlikely to be materially misstated however management’s estimation process contains assumptions we consider optimistic
- We consider the estimate is unlikely to be materially misstated however management’s estimation process contains assumptions we consider cautious
- We consider management’s process is appropriate and key assumptions are neither optimistic or cautious

# Significant findings – key estimates and judgements

| Accounting area | Summary of management’s policy | Auditor commentary | Assessment |
|-----------------|--------------------------------|--------------------|------------|
|-----------------|--------------------------------|--------------------|------------|

**Net pension liability – £114 million**

Your net pension liability at 31 March 2020 is £114 million (PY £116 million) comprising the Surrey Local Government Pension Scheme. You use Hymans Robertson to provide actuarial valuations of your assets and liabilities derived from this scheme. A full actuarial valuation is required every three years. The latest full actuarial valuation was completed in 2019. A roll forward approach is used in intervening periods, which utilises key assumptions such as life expectancy, discount rates, salary growth and investment returns. Given the significant value of the net pension fund liability, small changes in assumptions can result in significant valuation movements.

The Council/Group’s actuary disclosed a material uncertainty in the valuation of the Council’s pension fund liability at 31 March 2020 as a result of Covid-19. The Council has included disclosures on this issue in Note 32.

The latest full actuarial valuation was completed in 31 March 2019. A roll forward approach is used in intervening periods which utilises key assumptions such as life expectancy, discount rates ,salary growth and investment return .Given the significant value of the net pension fund liability, small changes in assumptions can result in significant valuation movements. There has been a £11.5 million net actuarial gain during 2019/20.

- We have no concerns over the competence, capabilities and objectivity of the actuary used by the Council.
- We have used the work of PwC, as auditors expert, to assess the actuary and assumptions made by the actuary. See below for consideration of key assumptions in the Guildford Borough Council Pension Fund valuation.

| Assumption                                       | Actuary Value     | PwC range                 | Assessment |
|--|-------------------|---------------------------|------------|
| Discount rate                                    | 2.3%              | 2.3%                      | ●          |
| Pension increase rate                            | 1.9%              | 1.8% - 2.0%               | ●          |
| Salary growth                                    | 2.8%              | Employer specific         | ●          |
| Life expectancy – Males currently aged 45 / 65   | 22.9 / 22.1 years | 21.6- 23.3 / 20.5 – 22.2  | ●          |
| Life expectancy – Females currently aged 45 / 65 | 25.7 / 24.3 years | 24.6 – 26.3 / 22.9 – 24.3 | ●          |

- No issues were noted with the completeness and accuracy of the underlying information used to determine the estimate.
- There have been no changes to the valuation method since the previous year, other than the updating of key assumptions above.
- We have confirmed that the Council’s share of the pension scheme assets is in line with expectations.
- Disclosure of the estimate in the financial statements is considered adequate. We will refer to the uncertainties disclosed in Note 32 in our audit report.


**Assessment**

- We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- We consider the estimate is unlikely to be materially misstated however management’s estimation process contains assumptions we consider optimistic
- We consider the estimate is unlikely to be materially misstated however management’s estimation process contains assumptions we consider cautious
- We consider management’s process is appropriate and key assumptions are neither optimistic or cautious

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# Significant findings – key estimates and judgements

| Accounting area       | Summary of management's policy  | Auditor commentary  | Assessment  |
|-----------------------|---|---|---|
| Level 2/3 investments | <p><u>Level 2 investments</u></p> <p>The Council holds investments in a number of financial institutions, building societies, other local authorities, investment properties and money market funds, which are collectively valued on the balance sheet as at 31 March 2020 at £27.5 million, their carrying value. The Council are also required to estimate the fair value of these assets. The investments are not traded on an open exchange/market and the valuation of the investment is subjective.</p> <p>In order to determine the fair value, management use the following techniques:</p> <ul style="list-style-type: none"> <li>• instruments with quoted market prices – the market price</li> <li>• other instruments with fixed and determinable payments – discounted cash flow analysis.</li> </ul> <p>In the case of Level 2 investments, inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. these are based on inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. In the case of the Level 2 investments held, management have determined that the fair value of these assets is £28.209 million.</p> | <p>We reviewed management's basis for classifying and subsequently valuing level 2 and 3 investments.</p> <p><b>We did not identify any significant issues.</b></p> | <br><b>(green)</b> |
|                       | <p><u>Level 3 investments</u></p> <p><b>The Council have a £5.460m investment with Guildford Borough Council Holdings Ltd, the holding company of its subsidiary North Downs Housing Limited, This has been classed as a level 3 investment categorised as "shares in unlisted companies". Management have deemed the carrying value to be the same as fair value.</b></p> <p><b>The investment is not traded on an open exchange/market and the valuation of the investment is subjective. The value of the investment has increased by £2.5 million in 2019/20 due to the increased size of Guildford Borough Council's loan to North Downs Housing Limited.</b></p> <p><b>Within investment properties, the Council also has a Level 3 investment with Shalford Water Works. This is held at £2.15 million and is the only investment property held as Level 3. This has been valued at level 3 due to a lack of specific comparable evidence and information regarding operator income/profits on the subject. There are no similar assets of this class in the portfolio therefore the impact of the level of input does not affect any other asset.</b></p>   |   |   |

## Assessment

- We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic
- We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
- We consider management's process and key assumptions to be reasonable

# Significant findings – going concern

## Our responsibility

As auditors, we are required to “obtain sufficient appropriate audit evidence about the appropriateness of management's use of the going concern assumption in the preparation and presentation of the financial statements and to conclude whether there is a material uncertainty about the entity's ability to continue as a going concern” (ISA (UK) 570).

## Going concern disclosures

In April 2020 the Council approved an emergency Covid-19 budget, in light of actual and projected loss of income, additional expenditure to address pandemic, and uncertainty over central government funding.. It has been a challenging year due to the Covid-19 pandemic and the impact of this has been administration of grants to businesses, closure of car parks with additional challenges of reopening services under new government guidelines; staff absences due to being ill , the need to free up capacity of teams in addition to normal responsibilities. The Council is facing challenges but has reported a surplus position for 2019/20. However, management anticipates that it may take a number of ears before the Council can fund its gross service expenditure without the use of its reserves. The Council will therefore use part of its financial reserves to pay its expenses in 2020/21 due to Covid-19 and are trying to find further savings to prevent further use of reserves for 2021-22.. Given the sensitive nature of these disclosures, we have identified this as an area of focus in our audit. We therefore identified the adequacy of disclosures relating to material uncertainties that may cast doubt on the group and Council's ability to continue as a going concern in the financial statements as a significant risk requiring special audit consideration. Given the sensitive nature of these disclosures, this is one of the most significant assessed risks of material misstatement.

## Going concern commentary

### Management's assessment process

Management's assessment is based on the public sector interpretation of going concern as the continuation of the provision of services to support the preparation of the accounts on a going concern basis. Management has considered the Council's financial performance planning documents and cash flow expectations in considering that no material uncertainties need to be disclosed.

### Work performed

We reviewed management's assessment of going concern provided to us, in conjunction with our knowledge and understanding of the Council.

We reviewed your in year financial performance as well as your budget assumptions for the next 4 years in your Medium Term Financial Plan (MTFP).

### Concluding comments

## Auditor commentary

The situation beyond 2020/21 is more uncertain as the longer-term impact of the pandemic on individuals and businesses in the borough, and by consequence demand for services, remains unclear. However, management are confident that the Council retains sufficient levels of useable reserves which as a last resort can be used to withstand the pressures faced during the period of their assessment. As noted in our VfM review, management have updated their forecasts to take into account the specific challenges presented by Covid-19. As such, management have prepared the accounts on the basis of the going concern assessment.

We agree with management's assessments on the use of the going concern basis of accounting.

Management's processes for assessing going concern are adequate. Forecasts are produced by your finance team and reviewed by your Director of Finance.

We did not identify any material uncertainties in relation to going concern.

Assumptions in your MTFP are reasonable and estimates are prudent.

The disclosures in relation to going concern in your financial statements are appropriate and in line with our understanding of your financial affairs.

We are satisfied that management's assessment that the Council is a going concern and disclosure in the financial statements is reasonable.

## Other matters for communication

We set out below details of other matters which we, as auditors, are required by auditing standards and the Code to communicate to those charged with governance.

| Issue   | Auditor commentary  |
|---|---|
| <b>Matters in relation to fraud</b>                             | We have previously discussed the risk of fraud with the Corporate Governance and Standards Committee. We have not been made aware of any incidents in the period and no other issues have been identified during the course of our audit procedures to date.  |
| <b>Matters in relation to related parties</b>                   | We are not aware of any related parties or related party transactions which have not been disclosed.  |
| <b>Matters in relation to laws and regulations</b>              | You have not made us aware of any significant incidences of non-compliance with relevant laws and regulations and we have not identified any incidences from our audit work.  |
| <b>Written representations</b>                                  | A letter of representation has been requested from the Council, including specific representations in respect of the Group.   |
| <b>Confirmation requests from third parties</b>                 | We requested from management permission to send confirmation requests to counter parties holding investment and borrowing balances. This permission was granted and the requests were sent. We are still awaiting a number of confirmation requests and our work in this area is therefore not concluded. Where confirmations are not received, alternative audit procedures will be performed.   |
| <b>Disclosures</b>  | Our review found no material omissions in the financial statements beyond those listed in Appendix C.   |
| <b>Audit evidence and explanations/significant difficulties</b> | <p>Our fieldwork substantively began on 5 October 2020 in line with the timetable agreed with management. However, we experienced significant initial delays in the provision of audit information required to start our testing. While most of this information has since been received, this initial delay has had a knock-on impact on the progress of fieldwork the date of our opinion.</p> <p>The Council are currently finalising the migration to a new ledger system 'Business World' which has also contributed to delays.</p> <p>We acknowledge that some delays were contributed to by the use of a new audit platform for remote working; while we have engaged with management successfully to use this to support remote working, this was set up by the auditor during the first week of testing rather than at an earlier date, which contributed to administrative time required in the early stages of the review.</p> |

# Other responsibilities under the Code

| Issue  | Commentary   |
|--|--|
| <b>Other information</b>                                     | <p>We are required to give an opinion on whether the other information published together with the audited financial statements (including the Annual Governance Statement and Narrative Report, is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.</p> <p>No inconsistencies have been identified. Subject to the completion of our review, we plan to issue an unmodified opinion in this respect.</p> |
| <b>Matters on which we report by exception</b>               | <p>We are required to report on a number of matters by exception in a numbers of areas:</p> <ul style="list-style-type: none"> <li>• If the Annual Governance Statement does not meet the disclosure requirements set out in the CIPFA/SOLACE guidance or is misleading or inconsistent with the other information of which we are aware from our audit</li> <li>• If we have applied any of our statutory powers or duties</li> </ul> <p>We have nothing to report on these matters</p>               |
| <b>Specified procedures for Whole of Government Accounts</b> | <p>We are required to carry out specified procedures (on behalf of the NAO) on the Whole of Government Accounts (WGA) consolidation pack under WGA group audit instructions.</p> <p>Note that work is not required as the Council does not exceed the threshold.</p>   |
| <b>Certification of the closure of the audit</b>             | <p>We intend to certify the closure of the 2019/20 audit of Guildford Borough Council in the audit report..</p>  |



# Value for Money

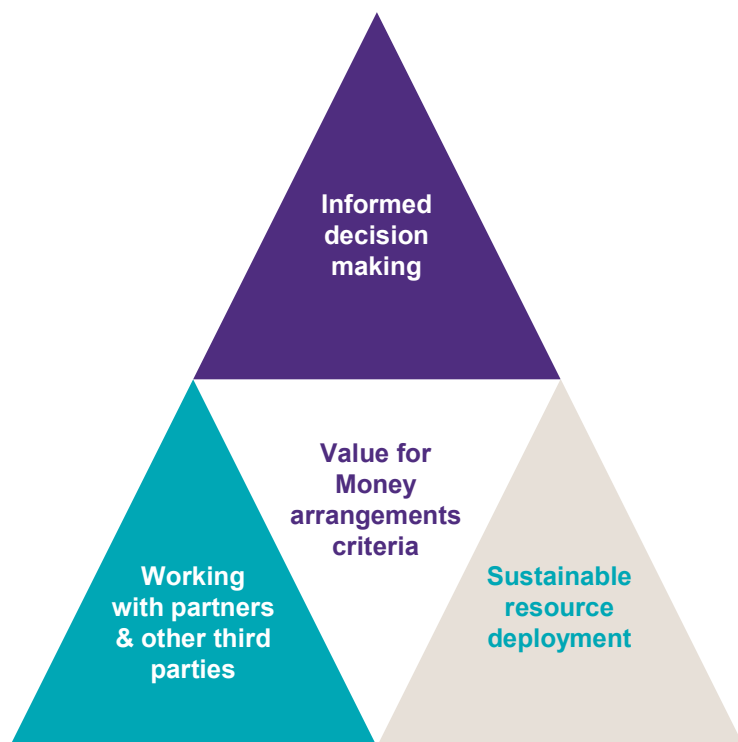
## Background to our VFM approach

We are required to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. This is known as the Value for Money (VFM) conclusion.

We are required to carry out sufficient work to satisfy ourselves that proper arrangements are in place at the Council. In carrying out this work, we are required to follow the NAO's Auditor Guidance Note 3 (AGN 03) issued in April 2020. AGN 03 identifies one single criterion for auditors to evaluate:

*"In all significant respects, the audited body takes properly informed decisions and deploys resources to achieve planned and sustainable outcomes for taxpayers and local people."*

This is supported by three sub-criteria, as set out below:



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## Risk assessment

We carried out an initial risk assessment in March 2020 identified a number of significant risks in respect of specific areas of proper arrangements using the guidance contained in AGN03. We communicated these risks to you in our Audit Plan dated April 2020.

We have continued our review of relevant documents up to the date of giving our report, and have not identified any further significant risks where we need to perform further work.

We have not identified any new VfM risks in relation to Covid-19. However, we have considered and commented on the potential impact of Covid-19 on the Council's future financial sustainability, and plans for addressing the arising issues, as part of our work in addressing the previously identified significant VfM risks around Future Guildford Transformation Programme and the General Fund capital programme.

We carried out further work only in respect of the significant risks we identified from our initial and ongoing risk assessment. Where our consideration of the significant risks determined that arrangements were not operating effectively, we have used the examples of proper arrangements from AGN 03 to explain the gaps in proper arrangements that we have reported in our VFM conclusion.

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# Value for Money

## Our work

AGN 03 requires us to disclose our views on significant qualitative aspects of the Council's arrangements for delivering economy, efficiency and effectiveness.

We have focused our work on the significant risks that we identified in the Council's arrangements. In arriving at our conclusion, our main considerations were:

- As at February 2020, the Council were predicting a cumulative £3.3 million budget gap for the period to 2023/24
- The implementation of the Future Guildford programme forms a key part of the Council's future plans for financial sustainability, although Phase B and C of this have been delayed as a result of Covid-19, this is due to resume in the autumn
- As part of a separate report in February 2019, we made a number of recommendations with respect to medium term financial planning, whose implementation we have considered as part of Appendix E below. As at November 2020, all recommendations have been implemented
- In April 2020, the Council approved an emergency Covid-19 budget based on a 'worst case' estimate of the potential impact on expenditure and income (net of any anticipated central government funding). Medium term financial planning has been partly updated to reflect this, but the impact is not likely to be resolved solely in year, potentially putting pressure on general fund reserves. There is continued uncertainty particularly around income, central government funding and the trajectory of Covid-19 in the short and medium term future.
- Your capital programme and treasury management strategies have been combined in line with best practice under the revised CIPFA Prudential Code 2018. Although there remains underspend against the approved plan, management are taking steps to mitigate this, including further reprofiling. There were a number of significant acquisitions that took place after our review period.

We have set out more detail on the risks we identified, the results of the work we performed, and the conclusions we drew from this work on pages 21 to 27

## Overall conclusion

Based on the work we performed to address the significant risks, we are satisfied that the Council had proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

## Recommendations for improvement

We discussed findings arising from our work with management and have agreed recommendations for improvement.

Our recommendations and management's response to these can be found in the Action Plan at Appendix A

## Significant difficulties in undertaking our work

We did not identify any significant difficulties in undertaking our work on your arrangements which we wish to draw to your attention.

## Significant matters discussed with management

There were no matters where no other evidence was available or matters of such significance to our conclusion or that we required written representation from management or those charged with governance.

# Value for Money

## Key findings

We set out below our key findings against the significant risks we identified through our initial risk assessment and further risks identified through our ongoing review of documents.

### Significant risk

#### Future Guildford Transformation Programme

You have identified a cumulative gap of £10.4 million between projected resources and budgeted expenditure over the four years to 2022/23. In part this relies on continuing to deliver the budgeted level of savings from existing projects. You have identified a need for longer term transformation of service delivery to be able to deliver sustainable services in the period covered by the medium term financial strategy. You have engaged an external consultant (Ignite Consulting) who in November 2018 presented a report entitled “Guildford Borough Council Future Operating Model Blueprint”. It set out to provide the ‘blueprint’ for the delivery of an ambitious transformation programme for you including a refined business case, an organisational design and a costed implementation approach and plan.

We carried out a lot of work in this area in 2018/19 and produced a separate report. Our focus in 2019/20 will be to understand how the transformation project has progressed and follow up recommendations made in our 2018/19 Audit Findings report.

### Findings

#### Medium term financial planning

Future Guildford was approved by Council on 26 February 2019, with Phase A starting in March of that year, and as at March 2020 was in the transition and implementation stage. Phases B and C had been due to go into consultation in March 2020, but this has been delayed on account of Covid-19, resuming in the autumn.

The assumptions used in the budget setting process were initially discussed at the Joint Executive Advisory Board in November 2019. The budget assumes a further £3.4 million savings can be achieved between 2020/21 to 2023/24, the majority of these savings are as a result of the Future Guildford transformation programme.

The Chief Finance Officer’s Statutory Report (21 January 2020), presented alongside the budget, highlights the extent to which, in the continued uncertainty over general government funding arrangements (even prior to Covid-19), the Council is increasingly reliant on its own income generation citing the following significant sources: Parking income (25%); Council Tax (21%); Property rent income (20%) and net retained business rates (9%). This assessment was made prior to the onset of Covid-19 as significant consideration, with restrictions only occurring from mid-March 2020. As can be seen further below, all such income streams are, to varying degrees, impacted by Covid-19 .

The medium term financial plan identifies a £3.3 million budget gap for the period to 2023/24. Core to mitigating the gap is ‘Future Guildford’; although the Council has a history of delivering transformation through fundamental service reviews, these have generally focussed on specific areas, whereas Future Guildford is more holistic in nature and larger in scope. Management has created specific project boards and monitoring arrangements to deal with the risks arising from a project of this scale. In February 2019, prior to the approval of Future Guildford, we performed a supplementary review of your arrangements to achieve financial sustainability to support our statutory requirement to provide a conclusion your arrangements to deliver value for money. We reported on progress made against recommendation in July 2019, at which point one of the recommendations had been implemented. An update on the remaining recommendations is at **Appendix E**.

# Value for Money

## Significant risk

### Future Guildford Transformation Programme

You have identified a cumulative gap of £10.4 million between projected resources and budgeted expenditure over the four years to 2022/23. In part this relies on continuing to deliver the budgeted level of savings from existing projects. You have identified a need for longer term transformation of service delivery to be able to deliver sustainable services in the period covered by the medium term financial strategy. You have engaged an external consultant (Ignite Consulting) who in November 2018 presented a report entitled "Guildford Borough Council Future Operating Model Blueprint". It set out to provide the 'blueprint' for the delivery of an ambitious transformation programme for you including a refined business case, an organisational design and a costed implementation approach and plan.

We carried out a lot of work in this area in 2018/19 and produced a separate report. Our focus in 2019/20 will be to understand how the transformation project has progressed and follow up recommendations made in our 2018/19 Audit Findings report.

## Findings

### Specific business continuity arrangements post Covid-19

On 5 May 2020, the Council approved an emergency budget in response to the impact of Covid-19 on your assumptions.

As at that point in time, the financial implications of Covid-19 for 2020/21 were estimated to be between £5 million to £15 million (11% to 31% of the Council's Net Budget Requirement). Whilst further government grant support was anticipated, the amount and timing of that support was uncertain. As a result, officers recommended that the Council put in place an emergency budget of up to £15 million funded from reserves to cover both the costs being incurred and the potential loss of income from the COVID19 Pandemic.

| Covid19 Additional Expenditure   |            |              |              |
|--|------------|--------------|--------------|
| Service  | Best       | Mid          | Worst        |
| Revenues and Benefits - Software costs for COVID19 grants and reliefs          | 9,150.00   | 9,150.00     | 9,150.00     |
| ICT - Softphones to enable call centre staff to work from home                 | 1,889.00   | 1,889.00     | 1,889.00     |
| ICT - Microsoft Teams Licences x 40  | 1,480.00   | 1,480.00     | 1,480.00     |
| Crematorium - additional coffin storage capacity                               | 6,000.00   | 6,000.00     | 6,000.00     |
| Project Aspire - food parcels and grants                                       | 50,000.00  | 50,000.00    | 50,000.00    |
| Spectrum Leisure Centre: operator support costs & use as food distribution hub | 264,220.00 | 792,660.00   | 1,585,320.00 |
| Homelessness - additional accommodation  | 71,972.50  | 224,160.00   | 448,320.00   |
| Glive Theatre - business continuity costs                                      | 18,109.00  | 54,327.00    | 108,654.00   |
| Recovery action  | 500,000.00 | 500,000.00   | 500,000.00   |
| Corporate Finance - short term borrowing for cash flow purposes                | 9,342.47   | 28,027.41    | 56,054.82    |
|  | 932,162.97 | 1,667,693.41 | 2,766,867.82 |

EX106 – COVID19 emergency budget (April 2020)

# Value for Money

## Significant risk

### Future Guildford Transformation Programme

You have identified a cumulative gap of £10.4 million between projected resources and budgeted expenditure over the four years to 2022/23. In part this relies on continuing to deliver the budgeted level of savings from existing projects. You have identified a need for longer term transformation of service delivery to be able to deliver sustainable services in the period covered by the medium term financial strategy. You have engaged an external consultant (Ignite Consulting) who in November 2018 presented a report entitled "Guildford Borough Council Future Operating Model Blueprint". It set out to provide the 'blueprint' for the delivery of an ambitious transformation programme for you including a refined business case, an organisational design and a costed implementation approach and plan.

We carried out a lot of work in this area in 2018/19 and produced a separate report. Our focus in 2019/20 will be to understand how the transformation project has progressed and follow up recommendations made in our 2018/19 Audit Findings report.

## Findings

| Covid19 Potential Loss of Income                                   |                    |                    |                     |
|--|--------------------|--------------------|---------------------|
| Service  | Best               | Mid                | Worst               |
| Car Parking Income   | £ 2,965,137        | £ 4,797,753        | £ 7,750,844         |
| Commercial Rent defaults   | £ 179,134          | £ 341,108          | £ 892,558           |
| Tourism  | £ 126,996          | £ 291,104          | £ 372,382           |
| Sports and Leisure   | £ 41,454           | £ 311,078          | £ 649,060           |
| Other (eg, planning, trade refuse etc)                             | £ 647,590          | £ 996,292          | £ 1,992,583         |
| HRA Rent Arrears / defaults  | £ 17,336           | £ 52,008           | £ 86,681            |
| Future Guildford Transformation Project benefits realisation delay | £ 230,938          | £ 317,198          | £ 437,769           |
|  | £ 4,208,585        | £ 7,106,541        | £ 12,181,877        |
| <b>Total combined costs and loss of income (excl HRA)</b>          | <b>£ 5,123,412</b> | <b>£ 8,722,225</b> | <b>£ 14,862,065</b> |
| <b>% Core spending Power</b>                                       | <b>37%</b>         | <b>62%</b>         | <b>106%</b>         |
| <b>% Net Budget requirement</b>                                    | <b>11%</b>         | <b>18%</b>         | <b>31%</b>          |

### EX06 – COVID19 emergency budget (April 2020)

Planning was therefore performed on the basis of the 'worst case scenario' estimate. As at 5 May 2020, the Council had received two general non-ringfenced grants totalling £1.523 million; while this covered the majority of costs being incurred, it did not cover the projected loss of income and the residual estimate of £13.8 million was approved to be funded from the general fund reserves, with that funding being drawn down if further government support was not forthcoming or was insufficient.

The general fund reserves at 31 March 2020 totalled £44.3 million of which £35 million were anticipated to be available. However, after the planned usage of £13 million of earmarked reserves to 'pump-prime' the Future Guildford transformation programme, the remaining balance is £18 million earmarked reserves and £3.75 million unallocated. Your papers on the emergency budget notes that "The financial risk register presented to Budget Council on 5 February showed that **reserves of around £10 million are considered sufficient and sustainable for the Council**. If reserves fall to insufficient levels, then the Council will be advised to budget to rebuild the reserves to a sufficient level over its medium term financial plan. It is quite unlikely that sufficient cost savings will be able to be found in any one year, and so it will take a number of years to rebuild reserves."

The scale of the Covid-19 uncertainty potentially puts this £10 million target at risk; we have considered this point as part of the section entitled **November update** below.



# Value for Money

## Significant risk

### Future Guildford Transformation Programme

You have identified a cumulative gap of £10.4 million between projected resources and budgeted expenditure over the four years to 2022/23. In part this relies on continuing to deliver the budgeted level of savings from existing projects. You have identified a need for longer term transformation of service delivery to be able to deliver sustainable services in the period covered by the medium term financial strategy. You have engaged an external consultant (Ignite Consulting) who in November 2018 presented a report entitled "Guildford Borough Council Future Operating Model Blueprint". It set out to provide the 'blueprint' for the delivery of an ambitious transformation programme for you including a refined business case, an organisational design and a costed implementation approach and plan.

We carried out a lot of work in this area in 2018/19 and produced a separate report. Our focus in 2019/20 will be to understand how the transformation project has progressed and follow up recommendations made in our 2018/19 Audit Findings report.

## Findings

### Wider context

In June 2020, the Institute for Fiscal Studies published a briefing note on the financial risk and resilience of English local authorities in the coronavirus crisis. In the case of Guildford Borough Council, overall the Council's risk profile was comparable to that of other non-metropolitan ("shire") districts (based on the average indicator scores) including a relatively low prevalence of health-related risk and business rates revenue risk. However, there were a number of areas where the Council's indicator score was in the lowest two deciles (i.e. highest 20% of authorities by risk) including

- Sales fees and charges from
  - Off-street parking, PCNs and traffic control
  - Planning
  - Culture and related services
  - Trade waste
- Commercial income from property
- Other demographic factors such as
  - Over-occupied properties (as at 2011 census)
  - Proportion of adults who are self-employed

While the risk factors above ultimately relate to *potential* exposure based on recent-historic financial information, rather than being measures of actual losses incurred, this does highlight that the Council's high reliance (relative to other districts) on income generation does present specific challenges in the Covid-19 environment. Our review of the finance risk register (that was used in the 2020/21 budget setting) indicated that the risks involved in income generation have been factored into existing planning models; for example the following already had the following amounts of risk estimated for the four year medium term financial plan risk assessment: additional meter income (£1.2 million); 1% loss of income from fees and charges (£1.386 million).

These areas are well acknowledged and have been actively considered within the Council's response to Covid-19 (including the emergency budget, as noted above).

# Value for Money

## Significant risk

### Future Guildford Transformation Programme

You have identified a cumulative gap of £10.4 million between projected resources and budgeted expenditure over the four years to 2022/23. In part this relies on continuing to deliver the budgeted level of savings from existing projects. You have identified a need for longer term transformation of service delivery to be able to deliver sustainable services in the period covered by the medium term financial strategy. You have engaged an external consultant (Ignite Consulting) who in November 2018 presented a report entitled "Guildford Borough Council Future Operating Model Blueprint". It set out to provide the 'blueprint' for the delivery of an ambitious transformation programme for you including a refined business case, an organisational design and a costed implementation approach and plan.

We carried out a lot of work in this area in 2018/19 and produced a separate report. Our focus in 2019/20 will be to understand how the transformation project has progressed and follow up recommendations made in our 2018/19 Audit Findings report.

## Findings

### November update to Joint Executive Advisory Board / Executive

As noted above, the Covid-19 uncertainty (estimated at £13.8 million 'worst case scenario' for 2020/21, as at May 2020) represented a significant potential usage of the Council's reserves, to the extent that this risked the Council's usable reserves falling below its own benchmark of £10 million. As at November 2020 a projected decrease in general fund reserves to £27 million is projected by the end of 2020/21, noting the anticipated reserves impact of Covid-19 (£7.0 million in year) and Future Guildford (£8.3 million). Your reports stated that

"The current financial year (2020/21) will also need to be considered as this is likely to generate a net overspend of around £7 million (this will be confirmed as the year progresses) due to the Covid-19 pandemic and the shortfall in additional expenditure incurred and the loss of income received when compared with support from central government. Reserves will need to be utilised to address this position requiring the Council to replenish its reserves over the next three years. "

A revised gap of £4.493 million therefore remains. The revised budgeted expenditure includes income reduction with respect to Covid-19 as having a residual impact of 2% in 2021/22 and 2022/23, and a further 1% in 2023/24. The assumptions also delay any further increase to fee income to only applying from 2022/23.

| Reserve                                     | Amount to be used to fund COVID 19 |
|---|------------------------------------|
| New Homes Bonus (reserve to close)          | £2.4million                        |
| Carry forward reserve                       | £1.1million                        |
| Car Parks Maintenance reserve               | £1.5million                        |
| Legal actions reserve (reserve to close)    | £0.3million                        |
| Invest to save reserve                      | £0.6million                        |
| Budget Pressures reserve (reserve to close) | £1.8million                        |
| <b>TOTAL</b>                                | <b>£7.7million</b>                 |

*Use of reserves to fund Covid-19 – projected for 2020/21*

# Value for Money

## Significant risk

### Future Guildford Transformation Programme

You have identified a cumulative gap of £10.4 million between projected resources and budgeted expenditure over the four years to 2022/23. In part this relies on continuing to deliver the budgeted level of savings from existing projects. You have identified a need for longer term transformation of service delivery to be able to deliver sustainable services in the period covered by the medium term financial strategy. You have engaged an external consultant (Ignite Consulting) who in November 2018 presented a report entitled “Guildford Borough Council Future Operating Model Blueprint”. It set out to provide the ‘blueprint’ for the delivery of an ambitious transformation programme for you including a refined business case, an organisational design and a costed implementation approach and plan.

We carried out a lot of work in this area in 2018/19 and produced a separate report. Our focus in 2019/20 will be to understand how the transformation project has progressed and follow up recommendations made in our 2018/19 Audit Findings report.

## Findings

### November update to Joint Executive Advisory Board / Executive

As noted on previous pages, alongside the implementation of Future Guildford the Council does require a degree of sustained maintenance and growth of other income sources to help assure medium term financial sustainability.

One of the elements potentially supporting this is the generation of new service growth proposals. It is noted that at present, new service growth proposals are not being actively considered with your report showing

“In order to arrive at the final budget, service managers prepare an outline budget based on existing levels of service, which has then been amended for existing commitments and agreed savings arising from Future Guildford. For 2021/22 Officers have not been invited to submit any new service growth proposals due to the need to reduce expenditure and resolve the budget shortfall. However, assumptions regarding on-going loss of income due to COVID19 have been included within the budget and forward projections as set out in section 4 (paragraph 4.13).”

Overall, the reserves position is not yet considered by the Council to be at a ‘critical’ level but there is already an acknowledgement that addressing the pressures on the budget is not something that will be possible to contain solely in year.

Whilst many other councils are in a similar position and your reports highlight the risks and action being taken, it is important to understand that action needs to be taken now to address the identified budget gaps in a planned and managed way. Without taking early action the Council will need to rely on further depleting reserve levels to balance its budget. Repeated reliance on reserves without taking action to address the underlying budget gaps will lead to the risk that either reserves levels become unsustainable or rapid service cuts are required to maintain a sustainable position.

### RECOMMENDATION

As at November 2020, there remains a cumulative budget gap of £4.493 million for the period 2021/22 to 2024/25. The continuing impact of Covid-19 and the recovery from this is likely to put continued pressure on reserves, which will not be possible to contain solely in year. While management’s current projections do not indicate that the reserves position will become critical in the immediate future, we recommend that the Council continues to monitor this on a more frequent basis, noting the fact that a reduction in projected reserves below a certain threshold (defined as £10 million within the financial risk register) may require further reprofiling of reserves in the medium term.



# Value for Money

## Key findings

We set out below our key findings against the significant risks we identified through our initial risk assessment and further risks identified through our ongoing review of documents.

### Significant risk

### Findings

#### General Fund capital programme

You approved a General Fund Capital Programme for five years to 2022/23. This is an area of considerable spend, with a net cost of £96 million, and involves decision-making against a backdrop of many variables. The execution and timing of capital expenditure may also have revenue implications.

A review of the outruns in capital expenditure and revenue will be made. This may indicate the presence of quantitative factors that challenge your performance in achieving your "Future Transformation Programme" objectives. The quantitative factors will be reviewed in detail with adequate challenge to the underlying assumptions of the transformation programme to support the value-for-money opinion.

- We reviewed your capital programme to establish the arrangements you have in place to realistically forecast and monitor capital expenditure and associated revenue implications.
- The General Fund Capital Programme now falls within the wider Capital and Investment Strategy; the Strategy for 2020/21 to 2024/25 was approved at Council on 5 February 2020.
- Following re-profiling, the total expenditure against the General Fund Capital Programme in 2019-20 had been £48.1 million, which was less than the revised budget of £85.8 million, representing a 56% achievement against plan. This compares to 38% in 2018/19 (of £99.6m), 14% in 2017/18 (of £100 million), 55% in 2016/17 (of £98 million), 52% in 2015/16 (of £64 million) and 78% in 2014/15 (of £44 million). Therefore the rate of achievement is low compared to some of the earlier years, although in absolute terms is comparable to more recent years, echoing the ambitious growth of the capital programme in recent years.
- Underspensing against capital budgets is not uncommon in Local Authorities. At Guildford, the key reason for slippage is due to difficulties in profiling the length of the project for budget and completion purposes. In 2018/19, the Council introduced training for service leaders on business case preparation, this training is on-going. The £85.8 million approved expenditure included £68 million for the main programme with minor and provisional schemes making up the remainder. The Council delivered 70% of the main programme.
- For the year ended 31 March 2020, the Council's investment property portfolio generated an average income return of 6.0% against a benchmark of 4.7%, which is in line with performance in previous years.
- As a consequence of slippage, the Minimum Revenue Provision outturn was £926,639, which was below the budgeted £1.02 million.
- Your Capital and Investment Strategy is governed in a way that seeks to align to your Corporate Plan and broader social agenda, a key aim of your strategy is to develop commercial returns on the your investments. Within this, identifying investment opportunities is a key element and governance structures are in place to support this as well as arrangements to divest investments with poor returns (in the case of investment properties) or identifying alternative uses for operational assets. Both types of assets are reviewed against your Asset Management Framework. Investment Properties are reviewed by a specific Group (Investment Property Fund Management Group) with representation from Finance and Asset Development staff and senior officers.

# Independence and ethics

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with the Financial Reporting Council's Ethical Standard and confirm that we, as a firm, and each covered person, are independent and are able to express an objective opinion on the financial statements

We confirm that we have implemented policies and procedures to meet the requirements of the Financial Reporting Council's Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.

Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in May 2020 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

Details of fees charged are detailed in Appendix D

# Independence and ethics

## Audit and Non-audit services



For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the Council. The following non-audit services were identified which were charged from the beginning of the financial year to November 2020, as well as the threats to our independence and safeguards that have been applied to mitigate these threats.

|                      | Fees £ | Threats identified                               | Safeguards   |
|----------------------|--------|--|--|
| <b>Audit related</b> |        |  |  |
| Page 83              | 5,000  | Self-Interest (because this is a recurring fee)  | The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is £5,000 in comparison to the total fee for the audit of £54,050 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.  |
|                      |        | Self review (because GT provides audit services) | To mitigate against the self review threat , the timing of certification work is done after the audit has completed, materiality of the amounts involved to our opinion and unlikelihood of material errors arising and the Council has informed management who will decide whether to amend returns for our findings and agree the accuracy of our reports on grants.   |
|                      | 20,000 | Self-Interest (because this is a recurring fee)  | The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is £20,000 in comparison to the total fee for the audit of £54,050 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level. |
|                      |        | Self review (because GT provides audit services) | To mitigate against the self review threat , the timing of certification work is done after the audit has completed, materiality of the amounts involved to our opinion and unlikelihood of material errors arising and the Council has informed management who will decide whether to amend returns for our findings and agree the accuracy of our reports on grants.   |
|                      | 14,500 | Self-Interest (because this is a recurring fee)  | The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is £14,500 in comparison to the total fee for the audit of £54,050 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level. |




These services are consistent with the group's policy on the allotment of non-audit work to your auditors. All services have been approved by the Corporate Governance and Standards Committee. None of the services provided are subject to contingent fees.

# Action plan




We have identified 15 recommendations for the group as a result of issues identified during the course of our audit and VfM work. We have agreed our recommendations with management and we will report on progress on these recommendations during the course of the 2020/21 audit. The matters reported here are limited to those deficiencies that we have identified during the course of our audit and that we have concluded are of sufficient importance to merit being reported to you in accordance with auditing standards.




| Assessment   | Issue and risk   | Recommendations   |
|--|--|---|
| <br><b>Medium</b> | <p><b>PPE Other land and Buildings - Guildford Lido valuation</b></p> <p>We identified that this asset was valued at 31st January 2020 for the 2019/20 accounts however, the previous valuation was completed at 1st April 2014. Therefore this asset was not revalued for over 5 years. The Code stipulates that all assets have to be revalued by a LG authority at least every 5 years.</p> <p>The asset had a brought forward valuation of £800,000 and a closing valuation of £2,224,000. There is a risk that the brought forward balance not revalued different to its actual value at that time by a non-trivial amount.</p>   | <p>Management must evaluate whether the brought forward valuation for Guildford Lido is materially correct, noting that it had not been valued for 5 years as at the opening balance sheet date.</p> <p><b>Management response</b></p> <p>Management have sought confirmation from the valuer and confirmed that, although the latest valuation was performed at 31 January 2020, a supplementary valuation was performed as at 1 April 2019, within the five year window.</p>  |
| <br><b>Medium</b> | <p><b>Investment Properties – Haydon Place</b></p> <p>We identified that one asset - Haydon Place - was classified as an Investment Property by the client but the valuation was completed as if it was an operational property. We obtained an understanding of why this was - the client instructed the valuer in 2018/19 to value it as an operational property for the 2019/20 accounts based on the plans for the new lease. However, this fell through but the valuer wasn't informed, meaning the basis for this valuation was incorrect. We requested that the client obtains an investment property valuation for this asset. The value of the property in the draft financial statements is £585,000. There is a risk that, under a different valuation basis, the asset would have a non-trivially different value.</p> | <p>Management must seek a revaluation of its Haydon Place property based on its underlying nature (and valuation) as an investment property.</p> <p><b>Management response</b></p> <p>Management have sought confirmation from the valuer as to whether the asset would have a different value if it had been valued as an investment property; the estimate provided indicates the estimated difference to be between 2.5% to 5.0% of the asset's value.</p> <p>This initial assessment would not indicate a material risk noting the valuation of the asset and the fact that the range of uncertainty is below our triviality threshold. However, this assessment will be evaluated by the auditor as part of the conclusion of our fieldwork.</p> |

## Controls

-  High – Significant effect on control system
-  Medium – Effect on control system
-  Low – Best practice

# Action plan



| Assessment  | Issue and risk   | Recommendations   |
|---|--|---|
| <p> Medium</p> | <p><b>HRA Dwellings disposed but not removed from asset register</b></p> <p>From the work on the Dwellings (housing) we identified 2 HRA properties were not revalued this year. On review, these were not included in the revaluation schedule because these were equity share assets for which the last part-disposal had taken place, and GBC no longer owns these assets - they should have been taken off the fixed asset register but were not.</p> <p>The total value of these assets is £165k, therefore the Dwellings is overstated by £165k, this is above trivial but not material, and has been identified as an unadjusted misstatement.</p>  | <p>Finance should ensure that part disposals are communicated by the housing team in a timely manner to ensure these are removed from the fixed asset register.</p> <p><b>Management response</b></p> <p>xxxxxx</p> |
| <p> Medium</p> | <p><b>Debtors / creditors journals posted after accounts closure</b></p> <p>The audit work on debtors and creditors revealed that the transaction listings for debtors and creditors did not match the amounts disclosed in the financial statements. Further investigation revealed that journals to record revenue from collection funds and for business improvement district charges were entered in the revenue accounts correctly, however, the corresponding entries to the receivables and liability accounts were not recorded before publication of the first draft of financial statements. Journals had not gone through at time accounts were drafted and so had to be posted as correcting journals.</p> | <p>Finance should ensure all required postings are made prior to the submission of the draft accounts.</p> <p><b>Management response</b></p> <p>xxxxxx</p>  |
| <p> Low</p>  | <p><b>Employee starters contracts</b></p> <p>From the testing of starters and leavers as part of the procedures on Employee Benefit Expenditure, we identified two starters in the 2019-20 financial year where the employee did not sign their contract. HR's view is that if they start the employment they agree to the terms implicitly. Although this practice is not uncommon, we identified that beyond this there are no specific mitigations against having unsigned contracts.</p> <p>Our work did not identify any issues with respect to the validity, value or accurate processing of the HR data contained within. All forms had been correctly signed by HR.</p>  | <p>Management should reiterate the need for employees to sign contracts within a set time period after starting.</p> <p><b>Management response</b></p> <p>xxxxxx</p>  |

- Controls**
-  High – Significant effect on control objectives
  -  Medium – Effect on control objectives
  -  Low – Best practice

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Appendix 1  
Agenda item number: 5

# Action plan




| Assessment   | Issue and risk  | Recommendations   |
|--|---|---|
| <p style="text-align: center;"><br/>Medium</p>  | <p><b>Grants document retention</b></p> <p>In sample testing revenue from grants, we could not verify two sample items due to missing documentation. The client was not able to provide the audit team with source documentation to verify the occurrence and accuracy of the revenue recognized from the two sample items. We were advised that this was due to information that had not been recorded prior to the transition to Business World combined with the fact that these both related to historic grants with an ongoing income element. This generated a sample error of £552k which, though not material, is non-trivial.</p>  | <p>Management should ensure document retention arrangements around grant income are strengthened.</p> <p><b>Management response</b></p> <p>xxxxxx</p>   |
| <p style="text-align: center;"><br/>Medium</p> <p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 86</p> | <p><b>Group Accounts – preparation arrangements</b></p> <p>The draft group accounts were presented for audit on 25th November 2020, late in the audit process. The underlying workings provided did not enable the auditor to reperform management's consolidation process, particularly over intra-group eliminating entries, meaning additional audit time was required to understand and reperform management's consolidation process. Part of the reason for this is that the workings were essentially presented as two separate consolidation processes, one between North Downs Housing Ltd and Guildford Borough Council Holdings Ltd (GBCH) and another between GBCH and the Council. This two tier manual approach increases the risk of error and version control issues (which was found to be a problem). In addition, there was no documented review process or timetable for the group accounts, which should be produced at the same time as the Council's accounts as they align to the same statutory publication deadline. While no significant quantitative errors were noted, it is recommended that the production and review process be enhanced. It is acknowledged that this is the first year that Group Accounts have been produced and that this may have contributed to the delay and method in producing them; getting the process more systemised will benefit the Council in future years particularly if there are changes or expansions to the Group structure.</p> | <p>There is need for the Council to put in place measures to ensure that assets that are reaching/have reached their full economic useful life are evaluated and appropriate action is taken to either revise estimates or clearly show that these assets are no longer in use in the fixed asset register.</p> <p><b>Management response</b></p> <p>xxxxxx</p> |

- Controls**
- High – Significant effect on control system
  - Medium – Effect on control system
  - Low – Best practice




# Action plan

| Assessment   | Issue and risk  | Recommendations  |
|--|---|--|
| <p> Medium</p>                | <p><b>Related party declarations not received</b></p> <p>As part of our testing over related party transactions, we identified that declarations were not received from 7 councillors. As per discussions with the Deputy CFO, to ensure that the Council has not omitted any material related party transactions from disclosure, a review of the prior year declarations is made and an assessment as to whether there is expectation for material transactions to have occurred in the current year is made. While this process and our work performed did not identify any unidentified related parties, receipt of declarations from councillors remains a key tool for the Council to identify related parties and so compliance in this area needs to be enhanced.</p> | <p>We recommend that as part of the process for identifying related parties for the year ended 31 March 2021 that the process for identifying missing declarations and then following these up is enhanced to ensure a higher rate of response</p> <p><b>Management response</b></p> <p>xxxxxx</p> |
| <p> Medium</p> <p>Page 87</p> | <p><b>Finance team capacity</b></p> <p>A high volume of misstatements and adjustments appeared to stem from finance team capacity and errors made prior to the draft accounts being produced. A high volume of working papers initially provided, and evidence subsequently provided, did not initially meet our audit evidence requirements. In addition, key items such as the group accounts were not made available until very late in the audit process (25 November).</p>   | <p>We recommend that management's capacity for financial statement closedown and response to audit queries is strengthened in 2020/21.</p> <p><b>Management response</b></p> <p>xxxxxx</p>   |
| <p> Low</p>                  | <p><b>Accounts payable document retention</b></p> <p>For one of our accounts payable sample, the Council were not able to provide a supplier invoice. The root of this finding was an absence of synchronisation between the ledger and the housing management system (Orchard). We have gained assurance that the amount represents a creditor at year end and that the service the expenditure relates to took place.</p>   | <p>Management should ensure document retention arrangements where service expenditure is administered in a non-finance system (e.g. Orchard) are strengthened.</p> <p><b>Management response</b></p> <p>xxxxxx</p>   |




**Controls**

-  High – Significant effect on control system
-  Medium – Effect on control system
-  Low – Best practice

# Action plan


| Assessment  | Issue and risk  | Recommendations  |
|---|---|--|
| <p> Medium</p> | <p><b>Treasury management working papers</b></p> <p>The initial treasury management working papers had the following did not tie back to the amounts disclosed in the accounts and were as such unsuitable for completing our testing. As such revised working papers were required, which were provided on 21 January 2021</p>   | <p>We recommend that management's capacity for financial statement closedown and response to audit queries is strengthened in 2020/21.</p> <p><b>Management response</b></p> <p>Xxxxx</p>  |
| <p> Low</p>    | <p><b>Fully depreciated assets</b></p> <p>We established that several assets in the fixed asset register have reached their full useful economic lives. These assets appear in the fixed asset register with nil net book values. There is need for the Council to put in place measures to ensure that assets that are reaching/have reached their full economic useful life are evaluated and appropriate action is taken to either revise estimates or clearly show that these assets are no longer in use in the fixed asset register.</p>                            | <p>There is need for the Council to put in place measures to ensure that assets that are reaching/have reached their full economic useful life are evaluated and appropriate action is taken to either revise estimates or clearly show that these assets are no longer in use in the fixed asset register.</p> <p><b>Management response</b></p> <p>Xxxxx</p>                 |
| <p> Low</p>    | <p><b>Fully amortised assets</b></p> <p>We established that several assets in the intangible assets register have reached their full useful economic lives. These assets appear in the intangible assets register with nil net book values. There is need for the Council to put in place measures to ensure that intangible assets that are reaching/have reached their full economic useful life are evaluated and appropriate action is taken to either revise estimates or clearly show that these assets are no longer in use in the intangible assets register.</p> | <p>There is need for the Council to put in place measures to ensure that intangible assets that are reaching/have reached their full economic useful life are evaluated and appropriate action is taken to either revise estimates or clearly show that these assets are no longer in use in the intangible assets register</p> <p><b>Management response</b></p> <p>Xxxxx</p> |

## Controls

-  High – Significant effect on control system
-  Medium – Effect on control system
-  Low – Best practice



# Action plan


| Assessment  | Issue and risk  | Recommendations   |
|---|---|---|
| <p style="text-align: center;"></p> <p style="text-align: center;"><b>Medium</b></p> | <p><b>Unrecorded liabilities</b></p> <p>As part of our review of post year end supplier payments we identified two transactions which had not been recorded as liabilities prior to year end despite these relating to 2019/20 goods or services. While the value of these was not material (and management have accepted these as an unadjusted misstatement).</p> <p>While we note the disruption caused by the onset of Covid-19 restrictions at year end ( March/April 2020 cut-off) may have impaired the Council's ability to effect normal processes we recommend that the root causes of the unprocessed invoices are identified and addressed.</p> | <p>Enhance arrangement for year-end cut off to ensure unrecorded liabilities are captured.</p> <p><b>Management response</b></p> <p>Xxxxx</p> |

**Controls**

- High – Significant effect on control system
- Medium – Effect on control system
- Low – Best practice

# Action plan

Agenda item number: 5  
Appendix 1

| Assessment   | Issue and risk  | Recommendations   |
|--|---|---|
| <br><b>Medium</b> | <p><b>Value for Money</b></p> <p>As at November 2020, there remains a cumulative budget gap of £4.493m for the period 2021-22 to 2024-25. The continuing impact of Covid-19 and the recovery from this is likely to put continued pressure on reserves, which will not be possible to contain solely in year.</p> | <p>While management’s current projections do not indicate that the reserves position will become critical in the immediate future, we recommend that the Council continue to monitor this on a more frequent basis, noting the fact that a reduction in projected reserves below a certain threshold (defined as £10m within the financial risk register) may require further reprofiling of reserves in the medium term.</p> <p><b>Management response</b></p> <p>Agreed we will include an update on the projected level of reserves as part of our regular financial monitoring reports to the corporate governance and standards committee starting from the Period 8 monitoring for 2020-21.</p> |

**Controls**

- High – Significant effect on control system
- Medium – Effect on control system
- Low – Best practice

# Follow up of prior year recommendations

We identified the following issues in the audit of Guildford Borough Council's 2018/19 and previous financial statements, which resulted in ten recommendations being reported in our 2018/19 Audit Findings report (of which two were from prior periods). We have followed up on the implementation of our recommendations and note that while six are implemented, there are two recommendations which are implemented in principle where implementation was evidenced as part of the completion of fieldwork, one recommendation in progress and one not yet implemented. The latter two are both delayed either partly or specifically due to Covid-19.

| Assessment | Issue and risk previously communicated   | Update on actions taken to address the issue  |
|------------|--|---|
| ✓          | <p><b>Issue 1 (2018/19) – PRIORITY: MEDIUM</b></p> <p>Our work identified that your asset register includes some assets which are finance leased out. When entering into a finance lease arrangement the counterparty should recognise the asset on their balance sheet and it should no longer appear on your balance sheet. We are satisfied that this has not had a material effect on the financial statements in 2018/19, at a value of £45k.</p> <p><b>Recommendation</b></p> <p>Management should review the fixed asset register and remove all assets which are leased out via a finance lease.</p> | <p><b>Management response (2018/19)</b></p> <p>Agreed. As part of the implementation of the new accounting standard for Leases for the 2019-20 accounts we will need to carry out a full review of how all of our leases are accounted for and will address the audit point as part of that review.</p> <p><b>Management update (2019/20)</b></p> <p>We have implemented a regular review of all assets between the finance and assets team – those identified as finance lease are listed separately on the schedule</p> <p><b>Auditor evaluation (2019/20)</b></p> <p>No issues noted from fieldwork.</p> |

## Assessment

- ✓ Action completed
- X Not yet addressed

# Follow up of prior year recommendations

| Assessment | Issue and risk previously communicated  | Update on actions taken to address the issue   |
|------------|---|--|
| ✓          | <p><b>Issue 2 (2018/19) – PRIORITY: MEDIUM</b></p> <p>The accounting for any profit or loss on disposal for a HRA asset is not correct. When a HRA asset is sold the current value should be taken out of the asset register and compared to the sale price, the difference gives you any profit or loss on disposal. We found that the sale price is taken out of the asset register meaning that no profit or loss is shown in the financial statements. As you revalue your HRA assets each year, any incorrect starting point due to profit or loss not being accounted for is taken through your accounts in the form of a revaluation. The impact of any profit or loss is therefore accounted for through revaluation rather than shown as profit or loss. We are satisfied that this has not had a material impact on your financial statements in 2018/19 at a value of £1m..</p> <p><b>Recommendation</b></p> <p>Management should remove the current value of HRA assets when sold in order to correctly account for any profit or loss on disposal.</p> | <p><b>Management response (2018/19)</b></p> <p>The Council does not receive individual property level valuations for the HRA stock, however, we do receive average valuations for properties of a certain type with a certain number of bedrooms in different areas. We therefore propose in future years to use the average valuation of a property in that area as the current value which we will write out of the accounts on disposal and recognise the difference between the sale price and the average value as the profit / loss.</p> <p><b>Management update (2019/20)</b></p> <p>The valuation of HRA stock on the balance sheet is EUV-SH whereas when a property is sold under right to buy the valuation is based on a discounted market value. We do not believe there is a material difference between the two valuations and will evidence this to you for properties sold in 2019-20.</p> <p><b>Auditor evaluation (2019/20)</b></p> <p>No issues with valuation basis have come to light.</p> |

## Assessment

- ✓ Action completed
- X Not yet addressed

# Follow up of prior year recommendations

| Assessment | Issue and risk previously communicated  | Update on actions taken to address the issue   |
|------------|---|--|
| ✓          | <p><b>Issue 3 (2018/19) – PRIORITY: MEDIUM</b></p> <p>One investment property was not revalued in year. Accounting standards mandate that assets held at fair value should be revalued annually. We are satisfied that this has not had a material impact on your financial statements in 2018/19. Asset value is £20k.</p> <p><b>Recommendation</b></p> <p>Management should ensure that all investment property assets are revalued annually.</p> | <p><b>Management response (2018/19)</b></p> <p>Agreed. We recognise that all investment properties should be revalued each year and do normally revalue all properties, the fact that one was not revalued was a mistake which will be rectified in the 2019-20 accounts.</p> <p><b>Management update (2019/20)</b></p> <p>All investment assets have been valued in 2019-20</p> <p><b>Auditor evaluation (2019/20)</b></p> <p>Consistent with work performed. While one asset noted as classed as investment property had been valued on the wrong basis due to the history of that asset, this has already been evaluated within our action plan and was not indicative of a wider completeness issue.</p> |

## Assessment

- ✓ Action completed
- X Not yet addressed

# Follow up of prior year recommendations

| Assessment | Issue and risk previously communicated   | Update on actions taken to address the issue  |
|------------|--|---|
| ✓          | <p><b>Issue 4 (2018/19) – PRIORITY: MEDIUM</b></p> <p>Assets under construction were not revalued when brought into use in year. These assets should have been valued under the basis of 'existing use for social housing' instead of at cost. We are satisfied that this did not have a material impact on the financial statements in 2018/19.</p> <p><b>Recommendation</b></p> <p>Management should revalue assets under construction when they are brought into use.</p> | <p><b>Management response (2018/19)</b></p> <p>It is our interpretation that the CIPFA code of practice allows assets under construction to be recognised at cost on the balance sheet. The issue appears to have arisen on HRA assets that were completed late in the financial year and therefore changed category at year end. As a result the assets were not included in the listing provided to the valuer for revaluation and were therefore not revalued.</p> <p>Whilst we accept that the code of practice would expect us to revalue assets as they move category, in practice it is not always possible to do this without undertaking bespoke valuations in year. As a result assets are still recognised at cost in the year they move category and then revalued in the following financial year. We believe this approach is consistent with the recognition of assets on acquisition at cost or market value, followed by the revaluation of assets as part of the annual rolling revaluation programme. We do not consider that the approach undertaken would lead to a material uncertainty in the accounts. However, for clarity we will update our accounting policies to reflect this for 2019-20.</p> <p><b>Management update (2019/20)</b></p> <p>The accounting policies for 2019-20 have been updated as discussed in the final accounts which will be presented to Corporate Governance and Standards Committee on 26th November 2020. We believe the recommendation has been implemented.</p> <p><b>Auditor evaluation (2019/20)</b></p> <p>Implemented (subject to review of final accounts).</p> |

## Assessment

- ✓ Action completed
- X Not yet addressed

# Follow up of prior year recommendations

| Assessment | Issue and risk previously communicated   | Update on actions taken to address the issue  |
|------------|--|---|
| ✓          | <p><b>Issue 5 (2018/19) – PRIORITY: MEDIUM</b></p> <p>During our payroll testing we found one incidence where an employment contract (statement of terms and conditions of service) had not signed by HR.</p> <p><b>Recommendation</b></p> <p>As per your internal processes and procedures, an employment contract should be signed by HR. Management should ensure this control is in place and working effectively.</p> | <p><b>Management response (2018/19)</b></p> <p>Agreed. This was an oversight in one particular instance but not normal practice.</p> <p><b>Management update (2019/20)</b></p> <p>This finding related to a one-off incident and we do not believe the issue has re-occurred in 2019-20</p> <p><b>Auditor evaluation (2019/20)</b></p> <p>Implemented. We can confirm that this issue has not reoccurred in 2019-20 sample testing.</p> |

**Assessment**

- ✓ Action completed
- X Not yet addressed

# Follow up of prior year recommendations

| Assessment | Issue and risk previously communicated  | Update on actions taken to address the issue  |
|------------|---|---|
| ✓          | <p><b>Issue 6 (2018/19) – PRIORITY: LOW</b></p> <p>Your accrual de-minimis level (£1,000) is not currently stated in your accounting policies. Including this level would provide this information to the reader of the accounts.</p> <p><b>Recommendation</b></p> <p>Your accrual de-minimis level should be included in your accounting policies.</p> | <p><b>Management response (2018/19)</b></p> <p>Agreed. The deminimis level principally applies to debtors and creditors. We will update our accounting policies accordingly.</p> <p><b>Management update (2019/20)</b></p> <p>The accounting policies for 2019-20 have been updated in the final accounts which will be presented to Corporate Governance and Standards Committee on 26th November 2020. We believe the recommendation has been implemented.</p> <p><b>Auditor evaluation (2019/20)</b></p> <p>Implemented (subject to review of final accounts).</p> |

## Assessment

- ✓ Action completed
- X Not yet addressed



# Follow up of prior year recommendations

| Assessment | Issue and risk previously communicated  | Update on actions taken to address the issue   |
|------------|---|--|
| ✓          | <p><b>Issue 7 (2018/19) – PRIORITY: LOW</b></p> <p>Value for Money: we have considered progress against recommendations that were advised in February 2019 . To ensure continued monitoring of progress against these, we recommend that updates against those recommendations that are still listed as in progress (as per Appendix E) are reported to the Corporate Governance &amp; Standards Committee at a future meeting.</p> <p><b>Recommendation</b></p> <p>An update against VfM recommendations in progress should be provided to a future meeting of the Corporate Governance &amp; Standards Committee.</p> | <p><b>Management response (2018/19)</b></p> <p>Agreed. We can update on this at the January 2020 Corporate Governance and Standards Committee.</p> <p><b>Management update (2019/20)</b></p> <p>An update was not provided at the January 2020 meeting however has been provided as part of this report (see Appendix E)</p> <p><b>Auditor evaluation (2019/20)</b></p> <p>Implemented November 2020 (see Appendix E).</p> |

## Assessment

- ✓ Action completed
- X Not yet addressed

# Follow up of prior year recommendations

| Assessment | Issue and risk previously communicated  | Update on actions taken to address the issue  |
|------------|---|---|
| ✓          | <p><b>Issue 8 (2018/19) – PRIORITY: LOW</b></p> <p>Capacity issues in your finance team caused a deterioration in the quality of your draft financial statements presented for audit and delays to the external audit process. There is a risk of not achieving the statutory deadline for publishing audited accounts.</p> <p><b>Recommendation</b></p> <p>Management should ensure that the finance team has enough capacity to produce a quality set of financial statements with an accompanying set of supporting working papers and transaction listings by the beginning of June. Officers should be available to respond to audit queries in a timely manner.</p> | <p><b>Management response (2018/19)</b></p> <p>Agreed. 2018-19 has been an exceptional year for us. The Director of Finance was not made fully aware of what the internal staff resource requirement for workshops as part of the Future Guildford Phase A design phase would be until fairly late at which point it was too late to bring in additional external resources. Similarly, once the ERP system had been procured, it became apparent that further design work shops would be required at the same time as the audit process. This all impacted on the preparation of the accounts and also on the availability of staff at the audit. That said, whilst additional external resource was not employed, in order to deliver the accounts by the statutory deadline, some members of the finance team have worked a significant amount of overtime both during the closedown process and over the audit process. The Director of Finance has ensured that the overtime and commitment of the staff involved has been recognised and is grateful for the positive comments from the auditors about having met the 31st May deadline. For 2019-20 we know that we will be going live with the new ERP system and so will plan to bring in additional external resource before the closedown period to ensure that the quality of the accounts and the working papers is better next year..</p> <p><b>Management update (2019/20)</b></p> <p>Additional resource was employed by the Council for the 2019-20 closing process specifically to help the Council with the accounts for its Companies, Group accounts assessment, working papers and technical advice. However, the impact of COVID19 and a delayed implementation of the ERP system had a greater impact on the completion of the 2019-20 accounts.</p> <p><b>Auditor evaluation (2019/20)</b></p> <p>Implemented (although as acknowledged, impact of COVID-19 and ERP system have had an impact on the progress of the audit).</p> |

## Assessment

- ✓ Action completed
- X Not yet addressed

# Follow up of prior year recommendations

| Assessment          | Issue and risk previously communicated  | Update on actions taken to address the issue  |
|---------------------|---|---|
| Not yet implemented | <p><b>Issue 9 (2017/18)</b></p> <p><b>Recommendation</b></p> <p>We recommend that management ensure that the classification of leases are monitored on an ongoing basis and that the classification and subsequent financial reporting treatment is consistent with the underlying nature of the transaction. This will be particularly relevant given the adoption of a new accounting standard IFRS 16, which will apply to public sector bodies for periods starting on or after 1 April 2019 (in the case of Guildford, financial year 2019/20)</p> | <p><b>Management response (2017/18)</b></p> <p>July 2018: Officers will review the lease treatment of assets held on the asset register by the end of February 2019. Finance will consider this in their preparation for IFRS 16. [Asset Development Manager / Financial Services Manager, February 2019]</p> <p><b>Management response (2018/19)</b></p> <p>July 2019: This is still in progress and will be addressed as per our response to recommendation 1 in Appendix A</p> <p><b>Management update (2019/20)</b></p> <p>The implementation of IFRS16 was delayed by CIPFA as a result the review will not be undertaken for the 2020-21 accounts.</p> <p><b>Auditor evaluation (2019/20)</b></p> <p>Not yet implemented noting sector-wide delay in IFRS16 implementation.</p> |

**Assessment**

- ✓ Action completed
- X Not yet addressed

# Follow up of prior year recommendations

| Assessment            | Issue and risk previously communicated  | Update on actions taken to address the issue   |
|-----------------------|---|--|
| Partially implemented | <p><b>Issue 10 (2017/18)</b></p> <p><b>Recommendation</b></p> <p>All logical access within financially critical systems belonging to leavers should be revoked in a timely manner upon their departure from the Council. Security/System administrators should be provided with (a) timely, proactive notifications from HR of leaver activity for anticipated terminations and (b) timely, per-occurrence notifications for unanticipated terminations (e.g. monthly rather than quarterly). Security/system administrators should then use these notifications to either (a) end-date user accounts associated with anticipated leaver's date or (b) immediately disable user accounts associated with unanticipated leavers.</p> | <p><b>Management response (2017/18)</b></p> <p>As part of the Future Guildford transformation project, the Council will consider changing its HR policies on recording employees regardless of the route for engagement and the use of Selima as the authoritative identity source which can be automatically linked to account provisioning and management.</p> <p>Priority: Medium [ICT Manager, March 2017]</p> <p><b>Management response (2018/19)</b></p> <p>In progress – this will be addressed as part of the new ERP system implementation, due to go live by April 2020.</p> <p><b>Management update (2019/20)</b></p> <p>The implementation of the ERP system was delayed from April 2020 to August 2020 due to COVID 19. The new system does record all employees engaged by the council regardless of their engagement (ie, employee costs and details are based on person not position) however the workflows relating to the starters and leavers process within the new system are still being reviewed with the aim of updating the workflow by the end of March 2021.</p> <p><b>Auditor evaluation (2019/20)</b></p> <p>Partially implemented.</p> |

## Assessment

- ✓ Action completed
- X Not yet addressed

# Audit adjustments

We are required to report all non trivial misstatements to those charged with governance, whether or not the accounts have been adjusted by management.

## Impact of adjusted misstatements

All adjusted misstatements are set out in detail below along with the impact on the key statements and the reported net expenditure for the year ending 31 March 2020. As these adjustments both relate to the primary statements, these have had 'knock-on' changes on reserves and the cash flow statement, as well as the notes to the financial statements. None of these impacts have been identified as individually material.

| Detail  | Comprehensive Income and<br>Expenditure Statement £'000 | Statement of Financial Position<br>£' 000 | Impact on total net<br>expenditure £'000 |
|---|---|---|--|
| <b>Note 17 – Short term debtors</b>   |   | 356                                       |  |
| Short term debtors in the draft accounts totalled £13.165m. These had been understated by £0.356m due to the exclusion of Business Improvement District (BID) loan funds from MHCLG which had not been included in the debtors analysis. The corrected value is £13.521m. The CIES element had already been appropriately reflected.  |   |   |  |
| <b>Note 19 – Short term creditors</b>   |   | (439)                                     |  |
| Short term creditors in the draft accounts totalled £32.719m. These had been understated by £0.439m due to the exclusion of income from the collection fund which had been recognized in the revenue account but had not been included in the liabilities analysis.   |   |   |  |
| <b>North Downs Housing</b>  |   | 1189                                      |  |
| The Council's investment in Guildford Borough Council Holdings Ltd is split into an equity and loan amount, at 40% and 60% respectively. The disclosure requirements for each of these is different with the equity amount needing to be reflected as an investment, and the loan as an amount receivable. While the total combined value of these was correctly included in the balance sheet, a transposition error meant that these were split incorrectly in the accounts |   | (1189)                                    |  |
| Whereas the investment and loan balance were reported as £6.995m and £6.648m respectively, the corrected values should be £8.183m and £5.460m respectively i.e. an adjustment of £1.188m to each balance.   |   |   |  |

# Audit adjustments

We are required to report all non trivial misstatements to those charged with governance, whether or not the accounts have been adjusted by management.

## Impact of adjusted misstatements

All adjusted misstatements are set out in detail below along with the impact on the key statements and the reported net expenditure for the year ending 31 March 2020. As these adjustments both relate to the primary statements, these have had 'knock-on' changes on reserves and the cash flow statement, as well as the notes to the financial statements. None of these impacts have been identified as individually material.

| Detail  | Comprehensive Income and Expenditure Statement £'000 | Statement of Financial Position £' 000 | Impact on total net expenditure £'000 |
|---|--|--|---------------------------------------|
| <b>Bad debt provision</b>   | 433  | (433)                                  | 433                                   |
| Bad debt Provisions - A variance of £433k has been noted between the provision calculation for HB overpayments and the amount disclosed in the accounts. This has been attributed to use of an incorrect opening balance which has resulted in the provision being understated by £433k.  |  |  |                                       |
| <b>Balance sheet accounting treatment of debt and equity investment in Guildford Brough Council Holdigns</b>  |  | 2723                                   |                                       |
| Management had previously taken the decision to recognise their equity investment in Guildford Borough Council Holdings Ltd an amount receivable and their loan as an investment . While management have advised that this is based on an accounting treatment permissible at the time it was first adopted, a adaptation of IFRS9 for local authority accounts requires a different treatment in order to reflect the underlying substance. Therefore the Council are required to reclassify the loan and investment balances, in essence 'swapping' the balances. This misstatement is distinct and in addition to the calculation error made in the split, noted above, which was to correct a clerical error. This additional adjustment pertains to the appropriate accounting treatment of the year end positions. The value of the adjustment is difference between the corrected values of £8.183m and £5.460m. |  | (2723)                                 |                                       |
| <b>Overall impact</b>   | <b>£433</b>  | <b>(£516)</b>                          | <b>£433</b>                           |

# Audit adjustments

We are required to report all non trivial misstatements to those charged with governance, whether or not the accounts have been adjusted by management.

## Misclassification and disclosure changes

The table below provides details of misclassification and disclosure changes identified during the audit which have been made in the final set of financial statements.

| Disclosure omission  | Detail  | Auditor recommendations   | Adjusted? |
|--|---|---|-----------|
| Note 32 Critical Judgements In Applying Accounting Policies  | We recommend the inclusion of a critical judgement with respect to material uncertainties identified by the pension fund actuary and property valuation expert.   | Enhance disclosure, specifically referring to the underlying standards against which the material valuation uncertainty has been determined.<br><b>Management response</b><br>Amended in accounts | ✓         |
| Note 26 Pension Liability - reference to triennial valuation | States that the last triannual revaluation was in 2016. This should be corrected to 2019.   | Correct disclosure.<br><b>Management response</b><br>Amended in accounts  | ✓         |
| Note 26 Pension Liability: Correct to prior year values      | Present value of Scheme liabilities: PY figure of £125,299k is incorrect, PY figure of £134,354k is incorrect, PY figure of £188,537k is incorrect, PY figure of £223,358 is incorrect. These will need to be updated.<br><br>Main financial assumptions: CPI and Rate of increase in pensions incorrectly shown as 1.8%, should be 1.9% in line with the actuarial report.<br><br>Final paragraph in note - stating total liability is £116m, this is incorrect, total is £114m. | Correct disclosure.<br><b>Management response</b><br>Amended.   | ✓         |

In addition to these misclassification and disclosure adjustments, we have also identified a number of minor changes (such as formatting / textual corrections / clarifications) or immaterial disclosure omissions; these are not individually significant enough to warrant separate inclusion within this audit findings report and have been adjusted following discussions with the Finance team.

# Audit adjustments

We are required to report all non trivial misstatements to those charged with governance, whether or not the accounts have been adjusted by management.

## Misclassification and disclosure changes

The table below provides details of misclassification and disclosure changes identified during the audit which have been made in the final set of financial statements.

| Disclosure omission                            | Detail   | Auditor recommendations  | Adjusted |
|--|--|--|----------|
| Note 12 - Property, Plant And Equipment (PP&E) | The impairment on AUC is shown in the Accumulated Depreciation table under 'Revaluations' but as this is an impairment it should be shown in a separate line.  | Correct disclosure<br><b>Management response</b><br>Amended in accounts  | ✓        |
| Note 8 – Officers' Remuneration                | Termination Benefits: the 2018-19 cost figures don't agree to the prior year signed accounts as the 2017-18 values had been included in error.   | Correct disclosure.<br><b>Management response</b><br>Amended in accounts | ✓        |
| Note 12 - Property, Plant And Equipment (PP&E) | Capital Commitments - The financial statements have not disclosed a figure for the 2020/21 budgeted capital commitments.   | Correct disclosure.<br><b>Management response</b><br>Amended in accounts | ✓        |
| Note 29 – Financial Instruments                | The table for gains and losses shows £1.483m as being attributable to Financial Assets – fair value through profit & loss. However, the table suggests that these amounts have had an impact of that value on Other Comprehensive Income and Expenditure, whereas in fact these should impact surplus/deficit on the provision of services. We were content that the CIES treatment itself was correct, but the disclosure needs correcting. | Correct disclosure.<br><b>Management response</b><br>Amended in accounts | ✓        |

In addition to these misclassification and disclosure adjustments, we have also identified a number of minor changes (such as formatting / textual corrections / clarifications) or immaterial disclosure omissions; these are not individually significant enough to warrant separate inclusion within this audit findings report and have been adjusted following discussions with the Finance team.



# Audit adjustments

We are required to report all non trivial misstatements to those charged with governance, whether or not the accounts have been adjusted by management.

## Misclassification and disclosure changes

The table below provides details of misclassification and disclosure changes identified during the audit which have been made in the final set of financial statements.

| Disclosure omission                            | Detail   | Auditor recommendations   | Adjusted? |
|--|--|---|-----------|
| Note 12 - Property, Plant And Equipment (PP&E) | Balance sheet says Note 27 is the other long term liabilities, but this should refer to Note 26 Pension Liability  | Correct disclosure<br>Management response<br>Amended in accounts  | ✓         |
| Note 8 – Officers' Remuneration                | Defined Pension Benefit<br>Typo on page 58, paragraph 5: still states 2018-2019..  | Correct disclosure.<br>Management response<br>Amended in accounts | ✓         |
| Note 12 - Property, Plant And Equipment (PP&E) | REFCUS accounting policy is missing.   | Correct disclosure<br>Management response<br>Amended in accounts  | ✓         |
| Note 29 – Financial Instruments                | We note that the AGS has a typo in Para 4.3 highlighted above as it refers to 2019..   | Correct disclosure<br>Management response<br>Amended in accounts  | ✓         |
| Note 29 – Financial Instruments                | The financial instruments note shows a negative liability of £0.407m with respect to a bank overdraft. However, this should be should as a positive amount and not a negative amount, reflecting the underlying balance sheet entry (which is a credit). The corresponding balance sheet entry is correct. | Correct disclosure<br>Management response<br>Amended in accounts  | ✓         |

# Audit adjustments

We are required to report all non trivial misstatements to those charged with governance, whether or not the accounts have been adjusted by management.

## Misclassification and disclosure changes

The table below provides details of misclassification and disclosure changes identified during the audit which have been made in the final set of financial statements.

| Disclosure omission             | Detail  | Auditor recommendations   | Adjusted |
|---------------------------------|---|---|----------|
| Note 29 – Financial Instruments | Prior year figure for fair value of loans from PWLB (note 30) to be corrected by client to match prior year audited financial statements. A 17/18 financial year end balance was inserted on the note in error.   | Correct disclosure<br>Management response<br>Amended in accounts  | ✓        |
| Note 1c) – Segmental Income     | The draft segmental income note contained total income of £67,633k. The auditor found that this did not agree to the underlying ledger which totalled £67,847k and therefore needs to be adjusted.  | Correct disclosure.<br>Management response<br>Amended in accounts | ✓        |
| Note 9 – External Audit Cost    | The audit fee workings are based on amounts charged during the financial year. The Code requires the note to reflect the amounts charged relating to the financial year which can be different. In the case of "External audit services carried out by the appointed auditor for the year" the note discloses £53k payable whereas the draft agreed fee was £54k. Since then further fee adjustments have been proposed as shown in the audit findings addendum March 2021. | Correct disclosure.<br>Management response<br>Amended in accounts | ✓        |
| Narrative Report                | A number of minor corrections were made to the Narrative Report following the audit process. None of these are individually significant enough to warrant separate communication to those charged with governance.  | Correct disclosure.<br>Management response<br>Amended in accounts | ✓        |
| Throughout                      | References to notes within the CIES, MIRS, Balance Sheet and Cashflow and group accounts are incorrect and need updating  | Correct disclosure.<br>Management response<br>Amended in accounts | ✓        |

# Audit adjustments

| Disclosure omission                                | Detail  | Auditor recommendations  | Adjusted? |
|--|---|--|-----------|
| Note 29 – Financial Instruments                    | To match the treatment in the group accounts and the underlying nature of the accrued interest, £596k of accrued interest with respect to Guildford Borough Council Holdings Ltd should be transferred from short term to long term.  | Correct disclosure<br><b>Management response</b><br>Amended in accounts  | ✓         |
| Note 1c) – Segmental Income                        | Classification errors were noted within the credit rates subnote to Note 30 Nature And Extent Of Risks Arising From Financial Instruments. This had caused £6.000m of AA+ rated assets to be shown as long term instead of short term, and a further £6.000m of A assets to be shown as short term instead of long term.  | Correct disclosure.<br><b>Management response</b><br>Amended in accounts | ✓         |
| Note 10 – Grant Income                             | Subsequent to the draft accounts being produced (31 August) but prior to the corresponding note being audited, management identified a spreadsheet error which was causing grant income from NDR to be shown as £7.150m whereas the corrected balance was £2.512m.<br><br>This was corrected prior to audit.  | Correct disclosure.<br><b>Management response</b><br>Amended in accounts | ✓         |
| Note 2 - Expenditure And Income Analysed By Nature | Subsequent to the draft accounts being produced (31 August) but prior to the corresponding note being audited, management identified a spreadsheet error which was causing £7.486m of expenditure as attributable to Depreciation, amortisation, revaluations gains and losses whereas this should have been classified as other services expenses.<br><br>This was corrected prior to audit. | Correct disclosure.<br><b>Management response</b><br>Amended in accounts | ✓         |
| HRA  | Subsequent to the draft accounts being produced and as a result of audit inquiries, management identified a spreadsheet error which was causing the HRA revaluation (gain)/loss to be shown as (£548k) whereas the correct balance was £5,534k  | Correct disclosure.<br><b>Management response</b><br>Amended in accounts | ✓         |

# Audit adjustments

| Disclosure omission | Detail   | Auditor recommendations  | Adjusted? |
|---------------------|--|--|-----------|
| CIES transposition  | As part of an update to the CIES to amend for an agreed adjustment to the bad debt provision, a number of linking issues were noted  | Correct disclosure.<br><b>Management response</b><br>Amended in accounts | ✓         |
|                     | This did not change the overall CIES expenditure or income either gross or net but did change the categorisation of the following directorates:<br><ul style="list-style-type: none"> <li>- Finance</li> <li>- Planning &amp; Regeneration</li> <li>- Environment</li> </ul> |  |           |

# Audit adjustments

## Impact of unadjusted misstatements

The table below provides details of adjustments identified during the 2019/20 audit which have not been made within the final set of financial statements. The Corporate Governance and Standards Committee is required to approve management's proposed treatment of all items recorded within the table below:

| Detail  | Comprehensive Income and Expenditure Statement £'000 | Statement of Financial Position £' 000 | Impact on total net expenditure £'000 | Reason for not adjusting  |
|---|--|--|---------------------------------------|---|
| Haydon Place - asset was valued as OLB but it is an investment property and was included in investment properties. We obtained a new, investment valuation for this property and this is £45k less than the value at which the asset was included in the FAR and the Accounts.  | 45   | (45)                                   | 45                                    | Trivial   |
| Dwellings assets - Two equity share assets remained on the FAR but these have been sold to the occupiers and should not be in the FAR any more. The total value of these assets is £165k.   | 165  | (165)                                  | 165                                   | Immaterial  |
| In sample testing revenue from grants, we could not verify two sample items due to missing documentation. The client was not able to provide the audit team with source documentation to verify the occurrence and accuracy of the revenue recognized from the two sample items. When extrapolated across the whole population, this generated an estimated error of £552k. | 552  | (552)                                  | 552                                   | Immaterial. Value is an estimate based on an auditor extrapolation. |
| We identified supplier payments relating to consultancy services that had not been recorded in the balance sheet or CIES at year end.   | 293  | (293)                                  | 293                                   | Immaterial  |
| We identified supplier payments relating to intangible assets which were not capitalised / accrued for until after year end.  | 0  | 195<br>(195)                           |                                       | Immaterial  |
| <b>Overall impact</b>   | <b>1,055</b>   | <b>(1,055)</b>                         | <b>1,055</b>                          |   |

## Impact of prior year unadjusted misstatements

There were no unadjusted misstatements in prior year.

## Appendix D

# Fees

We confirm below our final fees charged for the audit and provision of non-audit services.

| Audit fees                              | Proposed fee   | Final fee      |
|---|----------------|----------------|
| Council Audit                           | 51,800         | 62,157*        |
| Group audit procedures                  | 2,250          | 4,500*         |
| <b>Total audit fees (excluding VAT)</b> | <b>£54,050</b> | <b>£66,657</b> |

The fees reconcile to the financial statements.

| Non-audit fees for other services                                     | Proposed fee   | Final fee      |
|---|----------------|----------------|
| Audit Related Services  |                |                |
| • Certification of Housing Capital Receipts Grant                     | 5,000          | TBC            |
| • Certification of Housing Benefit Grant                              | 20,000         | TBC            |
| Non-Audit Related Services - Place Analytics and CFO Insights License | 14,500         | 14,500         |
| <b>Total non- audit fees (excluding VAT)</b>                          | <b>£39,500</b> | <b>£XX,XXX</b> |

\* There are two elements of increased fees which are subject to agreement with management and PSAA and relate to:

- **Group audit procedures:** As noted earlier in the audit findings report, the auditing of management's consolidation process required significantly more work than initially anticipated and the proposed fee for the group procedures is £4,500.
- **The impact of Covid-19 has led to an increased cost of £8,100 due to the need to**
  - **Revisit planning** – we revisited our planning and risk assessment, materiality and testing levels and identified a significant risk in respect of covid-19
  - **Additional disclosures** – in accordance with IAS1 we considered additional disclosures particularly in respect of material uncertainties
  - **Management assumptions and estimates** – there is increased uncertainty over many estimates including pension and other investment valuations. Many of these valuations are impacted by the reduction in economic activity and we were required to understand and challenge the assumptions applied by management.
  - **Going concern** – Covid-19 has impacted on cashflows and increased the element of the work where we discussed and assessed your updated cashflow forecasts
  - **Financial resilience assessment** – Covid-19 has impacted on the financial resilience of all local government bodies. This increased the amount of work we needed to undertake on the sustainable resource deployment element of the VFM criteria necessitating enhanced and more detailed reporting in our Audit Findings Report.
  - **Remote working** – We, as auditors, experienced delays and inefficiencies as a result of remote working. In many instances the delays were caused by our inability to sit with an officer to discuss a query or working paper. Gaining an understanding via Teams or phone proved more time-consuming. Remote working also required additional audit procedures to gain assurance over information provided by the organisation.

| Theme – Area of Focus             | 1. Review and challenge the 4 year budget projections produced by the finance team to ensure that the estimates are based on evidence and/or realistic assumptions that can be supported – Deep-dive into the validity of assumptions at the individual cost centre line  |
|-----------------------------------|---|
| Finding (February 2019)           | <p><b>Background:</b> At random, we selected a cost line flowing into the 2019/20 budget and requested information to support the figures and key assumptions used. The cost line selected was ‘Pay costs’ of £31 million</p> <p>Supporting documentation obtained confirmed the use of the executive approved assumption of a 2% pay increase. We are satisfied that the source data used in the calculation, i.e. the full establishment list was appropriate. We also obtained evidence of independent review and scrutiny by an appropriate person.</p> <p>In conclusion, no issues were identified and we are satisfied that the assumptions and methodology used to prepare the estimate are reasonable.</p> <p><b>Key observation:</b> Within the forecasted budget figures for pay there is an assumption about the vacancy rate of general staff. This is currently set at 2.5% and is based on historic evidence. Whilst this assumption is not considered to be unreasonable, it is not one which is set out in the Executive Budget Assumptions Report and therefore not given the same level of challenge and scrutiny. This is despite the fact that this assumption has a sensitivity of £255k for a 1% change, which is comparable to the sensitivity of pay inflation which is £300k.</p> <p><b>Recommendation:</b> To improve transparency, the Executive Budget Assumptions report should clearly set out what constitutes a significant assumption and a review should be conducted to ensure all parameters required to prepare the budget which meet this agreed threshold of significance is reported and given the appropriate level of scrutiny.</p> |
| Management update (July 2019)     | <p>Due to the change in Council political administration following the May 2019 elections and a lack of information from government around the future funding of local government, we have not taken a budget assumptions report and MTFS update to the July 2019 Executive as we would normally do in the annual cycle. This was in order to allow appropriate time for the new Executive to understand and discuss the financial strategy and position of the Council and also due to a lack of government funding update.</p> <p>We will report the key assumptions as part of the outline budget in the autumn 2019 and have every intention of including the vacancy factor as a key assumption in the report. In the same report we will set out the criteria for Key Assumptions as being similar to what we class as a key decision within our constitution, which is a decision which involves the expenditure of £200,000 or more.</p>  |
| Management update (November 2020) | <p>The Outline budget report for 2020-21 and 2021-22 includes the assumption regarding the vacancy factor. For the 2021-22 budget report we have also included a new assumption relating to the reduction in fees and charges income related to reduction in activity levels as a result of COVID19. We are satisfied that all major assumptions with an impact of £200,000 are included within the report.</p>   |
| Auditor evaluation                | <p>Implemented.</p>   |

## Appendix E

| Theme – Area of Focus             | 1. Review and challenge the 4 year budget projections produced by the finance team to ensure that the estimates are based on evidence and/or realistic assumptions that can be supported – Anticipated impact of the fair funding review (FFR)  |
|-----------------------------------|---|
| Finding (February 2019)           | <p><b>Background:</b> Within the medium term financial plan, you make an assumption that the settlement funding assessment will reduce by 20% per annum over the 4 year period to 2022/23. This assumption is based on the expectation of a reduction to baseline need following the fair funding review and an anticipation that local government will need to continue to make further reductions to meet national austerity targets.</p> <p>To put into context, the cumulative impact this assumption has over the medium term financial plan is £3.7 million which equates to 35% of the £10.4 million cumulative budget gap.</p> <p>As to whether a reduction of 20% per annum is a realistic assumption, past experience does support this assumption. The indicative LGFS for the 4 years 2016-17 to 2019-20 shows that your settlement funding assessment reduced by 24% over the period.</p> <p>In the provisional local government finance settlement released in December 2018, which has since been confirmed as final, negative RSG has been removed. This is correctly reflected in the MTFP as there is a nil impact in this period. However, after 2019-2020 the future of local government funding is uncertain due to the fair funding review, and so budgeting and forecasting in this environment is challenging. Whilst it is advisable to take a prudent view in these circumstances, as you have done, it is important that this estimation uncertainty is clearly defined and considered as part of any decision making process on the back of its impact.</p> <p><b>Key observation:</b> The cumulative budget gap of £10.4 million is predicated on a number of assumptions and judgements. One of the most significant assumptions relates to the fair funding review. The cumulative impact of the fair funding review and business rates reform assumption equates to 35% of the cumulative budget gap.</p> <p><b>Recommendation:</b> You should ensure that the decision making process, where applicable, takes into account and understands the impact of assumptions with a high degree of estimation uncertainty</p> |
| Management update (July 2019)     | <p>We are still awaiting the results of the fair funding review and 75% BRRS implementation. Indications are now that the Spending Review for 2019 may be delayed by government and so the impact on local government remains uncertain.</p> <p>Changes to the assumptions around the baseline need were taken into account in the sensitivity analysis but we accept that the impact of say, a 10% change in that assumption was not specifically identified in the budget assumptions report. We intend to set out the impact of the assumption in the Autumn 2019 Outline Budget report</p>  |
| Management update (November 2020) | <p>The impact of the fair funding review and 75% BRRS implementation was further delayed by government due to COVID19. The assumption regarding the impact of these reviews was included in the outline budget report for 2020-21 and has also now been included in the outline budget report for 2021-22. The estimated value of the reduction has been made based on the advice of our finance consultants LGFutures and is based on previous consultations issued by government so the estimate has been made with more certainty than in previous years as further details about the fair funding review are available.</p>   |
| Auditor evaluation                | Implemented.  |

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| Theme – Area of Focus             | 1. Review and challenge the 4 year budget projections produced by the finance team to ensure that the estimates are based on evidence and/or realistic assumptions that can be supported – Review and challenge assumptions related to MRP projections   |
|-----------------------------------|--|
| Finding (February 2019)           | <p><b>Background:</b> The Minimum Revenue Provision (MRP) charge is the means by which capital expenditure which is financed by borrowing or credit arrangements is paid for by council tax payers. Local Authorities are required each year to set aside some of their revenues as provision for this debt.</p> <p>Between 2019/20 and 2022/23 the MRP charge almost quadruples from £1 million to £3.9 million. The sharp rise relates to your estimated increase in capital expenditure during the MTFP to £400 million. Within the MRP calculation we identified two key assumptions which have been subjected to challenge and review in this report as detailed below.</p> <p><u>Asset lives assumption</u><br/>A high level review has been conducted on all asset lives flowing through into the MRP calculation. No issues have been identified from this review, assumptions are considered to be reasonable and in line with our expectations.</p> <p><u>Assumptions on the timing and amount of capital expenditure</u><br/>Our review found that the MRP calculation assumes 100% delivery of capital spend in the capital programme, despite historical slippages of 65%. There is therefore a risk that the MRP forecast is over prudent as it is not based on realistic assumptions about capital delivery. Slippage impacts on the timing of when the MRP charge will increase not whether the charge will increase.</p> <p><b>Key observation:</b> Review and challenge of the assumptions and judgements within the MRP forecast calculation has indicated a level of over-prudence in relation to the timing of the charge.</p> <p><b>Recommendation:</b> There is scope to consider whether to re-profile the capital expenditure phasing and the associated impact on your forecasted MRP calculation.</p> |
| Management update (July 2019)     | <p>As part of the Month 2 financial monitoring for 2019-20 we have conducted a further re-profile of the capital programme which has resulted in updated assumptions on the timing of some schemes and also the removal of some schemes from the programme (the latter of which will generate a saving). This will be reported as part of the P2 monitoring to Corporate Governance and Standards Committee in July 2019. The capital programme will be kept under continuous review so that updates on scheme timing are regularly made.</p> <p>Although the MRP calculation assumes 100% spend, for the purposes of MRP, the timing of the spend and then the year MRP is first charged is different to what may be stated in the capital programme as typically MRP lags 12 months behind the spend profile. We will however, keep this under constant review.</p>  |
| Management update (November 2020) | <p>The capital programme is being regularly reviewed and re-profiled on a quarterly basis. A significant review has recently occurred in November 2020 for our period 6 monitoring which will feed into the budget for 2021-22.</p>  |
| Auditor evaluation                | Implemented.   |

## Appendix E

| Theme – Area of Focus             | 2. Review the 2018-19 in year financial performance, in particular looking at the underlying financial position by assessing if over / under spends in year are one-off or ongoing - Review of the month 8 financial monitoring report   |  |
|-----------------------------------|--|--|
| Finding (February 2019)           | <p><b>Background:</b> You are forecasting an underspend on the general fund revenue account of £792k which equates to 2.13% of the original net budget. The main cause for the underspend is a reduction in the MRP charge to the general fund as a result of slippages in capital schemes.</p> <p>From our review of the financial monitoring reports, it was difficult to conclude what your underlying position was. In part this is due to the way you report your use of reserves within the general financial position. It is difficult to easily determine the extent to which you are using reserves to pump-prime one-off investment or whether you are meeting a budget deficit through use of reserves. Greater clarity on the use of reserves will make it more transparent for you to demonstrate your underlying financial position.</p> <p>Efficiencies and savings are embedded within budgets and monitoring is undertaken at the budget level. It is therefore difficult to clarify whether savings are being delivered or not. It is helpful to monitor delivery of savings and efficiencies separately together with their impact on the budget. Where organisations are able to identify savings separately they have the opportunity to learn which type of savings are delivered successfully and which are not. There is a risk that underlying issues in managing savings plans are masked by unplanned easing of budget pressures elsewhere.</p> |  |
|                                   | <b>Recommendations:</b>  |  |
| Page 114                          | To improve transparency in your budget monitoring reports for where reserves are being used to pump-prime investments and where they are being used to fund service overspends   | To improve transparency in your budget monitoring reports by showing more clearly progress on delivery of savings and efficiencies                                       |
| Management update (July 2019)     | <p>We believe we addressed this in the 2018-19 GF outturn report by reporting the movements on reserves during the year and the purposes of those movements.</p> <p><i>Auditor comment at time: Recommendation is in progress – although the General Fund outturn report does include this, we would reiterate our original suggestion the Council consider including this as part of regular budget monitoring reports as well as annual outturn reports.</i></p>   | Delivery of savings is currently being undertaken by the Future Guildford Transformation Board which will use RAG related reports to monitor the savings implementation. |
| Management update (November 2020) | A table showing the variance between budgeted and projected transfers to / from reserves and an explanation of the variance is reported to Corporate Governance and Standards Committee as part of our standard financial monitoring reports and has been for a while now  | The Future Guildford Board has received RAG rated reports during 2019-20   |
| Auditor evaluation                | Implemented  | Implemented  |

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## Appendix E

| Theme – Area of Focus             | 2. Review the 2018-19 in year financial performance, in particular looking at the underlying financial position by assessing if over / under spends in year are one-off or ongoing - Review of the month 8 financial monitoring report (continued)   |
|-----------------------------------|--|
| Finding (February 2019)           | <p>In the appendix to the main monitoring report is another report which shows detailed information for each service split between direct expenditure, income and indirect costs. The document also provides detailed commentary to explain the reason for variations between projected outturn and budget. This document runs to 31 pages and provides a significant amount of information. It is however difficult to disseminate the key messages and risks to the financial position. Within the 31 page document, some significant variations are identified which require considered thought, scrutiny and potential actions. To this end, services with the larger variances are picked out and reported in the main monitoring document to ensure due prominence is given. The detailed report provides information on why a variation has occurred however it is less easy to identify the context of the financial risk or what mitigating actions may or may not be taking as a result.</p> <p><b>Recommendation:</b> Significant variances between budget and outturn at the service level should have greater prominence in the financial monitoring report. A greater level of detail should be included against each significant variance, including what mitigating actions are being proposed. Together this can help build financial accountability and ownership.</p> |
| Management update (July 2019)     | Significant variances between budget and outturn are reported in the main body of the financial monitoring report rather than just the detailed appendix. More commentary on mitigating actions will be included in monitoring reports from P2 2019-20 onwards.  |
| Management update (November 2020) | A table of variances and mitigating actions was included in the P8 and P10 financial monitoring reports presented to the January and March 2020 corporate governance and standards committees. For 2020-21 this main cause of variances have been COVID 19.  |
| Auditor evaluation                | Implemented  |

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| Theme – Area of Focus                    | 2. Review the 2018-19 in year financial performance, in particular looking at the underlying financial position by assessing if over / under spends in year are one-off or ongoing – Benefits realisation  |  |
|--|--|--|
| <p>Finding (February 2019)</p>           | <p><b>Background:</b> . A significant proportion of your discretionary investment spend and planned savings within your medium term forecast and future Guildford blueprint relates to change and transformation programmes within the organisation. This in turn depends on planned benefits from transformation being realised in line with business case forecasts. Delivery of financial and non financial benefits is key to your transformation success and long term financial sustainability.</p> <p>Benefits realisation is an area that has proved difficult to do well across the public sector and many public sector organisations. Based on interviews with your team, you have a mixed track record of achieving the planned for benefits.</p> <p>You do have a process with model template business cases in place however your team has expressed a view that the quality of submitted business case varies including the following issues:</p> <ul style="list-style-type: none"> <li>• Poor articulation of non-financial benefits in business cases</li> <li>• A lack of governance arrangements to monitor and track the benefits from individual projects</li> <li>• No post implementation review of projects back to original business case to assess whether benefits have been achieved as intended leading to a lack of arrangements for sharing best practice as well as 'lessons learnt'</li> </ul> <p>It is important that change and transformation programmes achieve the intended benefits and therefore this is an area where you should consider taking action.</p> <p>We discussed the arrangements for benefits realisation with a number of relevant officers and in all cases, a similar view was shared. Overall, the arrangements were not considered to be robust and this was partly due to skills and capacity but also a general culture and attitude within the authority. From these discussions we identified two recommendations:</p> |  |
|  | <b>Recommendations:</b>  |  |
|  | <p>Consider the capacity and skills required to manage future change programmes and obtain additional support where gaps are identified</p>  | <p>Continue to embed a culture of ownership of financial management across the organisation.</p>   |
| <p>Management update (July 2019)</p>     | <p>Future Guildford is looking at the Council's arrangements for project management and governance. As part of the restructure a dedicated programme management team is likely to be created which will be responsible for the coordination and governance of projects across the Council..</p>  | <p>The implementation of the new ERP system and self service for budget managers as part of the Future Guildford Project will further embed a culture of ownership of budgets and better financial management by budget holders, this will be supported by regular training from the finance team.</p>   |
| <p>Management update (November 2020)</p> | <p>A dedicated programme and project management governance team is now in place and a new framework and training has been rolled out to officers.</p> <p><b>Auditor evaluation: Implemented.</b></p>   | <p>As part of the implementation of BusinessWorld (ERP System) which went live in August 2020 we have undertaken a significant programme of training of people who raise purchase and sales orders and who are budget managers. Training material is available on the intranet along with FAQs and additional information around financial processes and procedures for managers to access anytime. The training is being supplemented with additional 1:1 coaching sessions with budget managers as part of regular budget monitoring meetings. BusinessWorld provides managers with greater ability to manage budgets. <b>Auditor evaluation: Implemented.</b></p> |

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**[LETTER TO BE WRITTEN ON CLIENT HEADED PAPER]**

Grant Thornton UK LLP  
30 Finsbury Square,  
London EC2A 1AG

xx March 2021

Dear Sirs

**Guildford Borough Council**  
**Financial Statements for the year ended 31 March 2020**

This representation letter is provided in connection with the audit of the financial statements of Guildford Borough Council and its subsidiary undertakings, Guildford Borough Council Holdings Limited and North Downs Housing Limited, for the year ended 31 March 2020 for the purpose of expressing an opinion as to whether the group and Council financial statements are presented fairly, in all material respects in accordance with International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 and applicable law.

We confirm that to the best of our knowledge and belief having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

**Financial Statements**

- i. We have fulfilled our responsibilities for the preparation of the group and Council's financial statements in accordance with International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 ("the Code"); in particular the financial statements are fairly presented in accordance therewith.
- ii. We have complied with the requirements of all statutory directions affecting the group and Council and these matters have been appropriately reflected and disclosed in the financial statements.
- iii. The Council has complied with all aspects of contractual agreements that could have a material effect on the group and Council financial statements in the event of non-compliance. There has been no non-compliance with requirements of any regulatory authorities that could have a material effect on the financial statements in the event of non-compliance.
- iv. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.
- v. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable. We are satisfied that the material judgements used in the preparation of the financial statements are soundly based, in accordance with the Code and adequately disclosed in the financial statements.
- vi. We confirm that we are satisfied that the actuarial assumptions underlying the valuation of pension scheme assets and liabilities for IAS19 Employee Benefits disclosures are consistent with our knowledge. We confirm that all settlements and curtailments have been identified and properly accounted for. We also confirm that all significant post-employment benefits have been identified and properly accounted for.
- vii. Except as disclosed in the group and Council financial statements:
  - a. there are no unrecorded liabilities, actual or contingent

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- b. none of the assets of the group and Council have been assigned, pledged or mortgaged
  - c. there are no material prior year charges or credits, nor exceptional or non-recurring items requiring separate disclosure.
- viii. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards and the Code.
- ix. All events subsequent to the date of the financial statements and for which International Financial Reporting Standards and the Code require adjustment or disclosure have been adjusted or disclosed.
- x. We have considered the adjusted misstatements, and misclassification and disclosures changes schedules included in your Audit Findings Report. The group and Council financial statements have been amended for these misstatements, misclassifications and disclosure changes and are free of material misstatements, including omissions.
- xi. We have considered the unadjusted misstatements schedule included in your Audit Findings Report and attached. We have not adjusted the financial statements for these misstatements brought to our attention as they are immaterial to the results of the Council and its financial position at the year end. The financial statements are free of material misstatements, including omissions.
- xii. Actual or possible litigation and claims have been accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards.
- xiii. We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.
- xiv. We have updated our going concern assessment and cashflow forecasts in light of the Covid-19 pandemic. We continue to believe that the group and Council's financial statements should be prepared on a going concern basis and have not identified any material uncertainties related to going concern on the grounds that current and future sources of funding or support will be more than adequate for the Council's needs. We believe that no further disclosures relating to the group and Council's ability to continue as a going concern need to be made in the financial statements

**Information Provided**

- xv. We have provided you with:
  - a. access to all information of which we are aware that is relevant to the preparation of the group and Council's financial statements such as records, documentation and other matters;
  - b. additional information that you have requested from us for the purpose of your audit; and
  - c. access to persons within the Council via remote arrangements, in compliance with the nationally specified social distancing requirements established by the government in response to the Covid-19 pandemic. from whom you determined it necessary to obtain audit evidence.
- xvi. We have communicated to you all deficiencies in internal control of which management is aware.
- xvii. All transactions have been recorded in the accounting records and are reflected in the financial statements.
- xviii. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.



- xix. We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the group and Council, and involves:
  - a. management;
  - b. employees who have significant roles in internal control; or
  - c. others where the fraud could have a material effect on the financial statements.
- xx. We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, analysts, regulators or others.
- xxi. We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.
- xxii. We have disclosed to you the identity of the group and Council's related parties and all the related party relationships and transactions of which we are aware.
- xxiii. We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

**Annual Governance Statement**

- xxiv. We are satisfied that the Annual Governance Statement (AGS) fairly reflects the Council's risk assurance and governance framework and we confirm that we are not aware of any significant risks that are not disclosed within the AGS.

**Narrative Report**

- xxv. The disclosures within the Narrative Report fairly reflect our understanding of the group and Council's financial and operating performance over the period covered by the financial statements.

**Approval**

The approval of this letter of representation was minuted by the Council's Corporate Governance and Standards Committee at its meeting on 26 November 2020.

Yours faithfully

Name.....

Position.....

Date.....

Name.....

Position.....

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Date.....

**Signed on behalf of the Group and Council**

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### Impact of unadjusted misstatements

The table below provides details of adjustments identified during the 2019/20 audit which have not been made within the final set of financial statements. The Corporate Governance and Standards Committee is required to approve management's proposed treatment of all items recorded within the table below.

| Detail  | Expenditure Statement<br>Comprehensive Income and<br>£'000 | Statement of Financial<br>Position<br>£' 000 | Impact on total net<br>expenditure<br>£'000 | Reason for not adjusting  |
|---|--|--|---|---|
| Haydon Place - asset was valued as OLB but it is an investment property and was included in investment properties. We obtained a new, investment valuation for this property and this is £45k less than the value at which the asset was included in the FAR and the Accounts.  | 45   | (45)   | 45  | Trivial   |
| Dwellings assets - Two equity share assets remained on the FAR but these have been sold to the occupiers and should not be in the FAR any more. The total value of these assets is £165k.   | 165  | (165)  | 165   | Immaterial  |
| In sample testing revenue from grants, we could not verify two sample items due to missing documentation. The client was not able to provide the audit team with source documentation to verify the occurrence and accuracy of the revenue recognized from the two sample items. When extrapolated across the whole population, this generated an estimated error of £552k. | 552  | (552)  | 552   | Immaterial. Value is an estimate based on an auditor extrapolation. |
| We identified supplier payments relating to consultancy services that had not been recorded in the balance sheet or CIES at year end.   | 293  | (293)  | 293   | Immaterial  |
| We identified supplier payments relating to intangible assets which were not capitalised / accrued for until after year end.  | 0  | 195<br>(195)                                 |   | Immaterial  |
| <b>Overall impact</b>   | <b>1,055</b>   | <b>(1,055)</b>                               | <b>1,055</b>                                |   |

### Impact of prior year unadjusted misstatements

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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: Tim Anderson

Tel: 07710 328560

Email: tim.anderson@guildford.gov.uk

Date: 25 March 2021

## **Burchatts Farm Barn Final Audit Report**

### **Executive Summary**

The final audit report by KPMG into the leasing of Burchatts Farm Barn (BFB) is presented at Appendix 1. As per the terms of reference of the audit, the purpose of the review was to look at the design of controls and associated governance arrangements around the decision-making process, compliance with the controls and governance arrangements and then identify any learning. The review was commissioned by officers in January 2020 following a request from a councillor which was supported by the (then) Lead Councillor for Finance and Assets. The request was made to KPMG in line with the co-sourced internal audit contract. The scope of the review, as set out in the initial terms of reference shown in Appendix 2, was set to focus on the internal processes rather than political decisions and allow officers to identify and learn from any gaps in processes and procedures. Unfortunately, the review has been delayed due to the Covid 19 pandemic and officer resources being focussed on the Council's response to the pandemic.

This covering report provides additional contextual information around the decision-making process undertaken in relation to BFB and how the process fits with the decision-making framework set out in the Council's Constitution.

The decision to lease BFB for commercial purposes was initially a decision taken by the Corporate Management Team (CMT) in consultation with the Lead Councillor for Assets following consultation with the Property Resources Group (PRG) and ward councillors. However, confirmation of the decision was ultimately taken by full Council in February 2018 as part of the Council's budget process following submission and consideration of a savings bid for the 2018-19 budget. The Council was able to make a decision to lease the asset for commercial purposes as no specific designated status required an alternative approach. The Council followed an open market tender process and leased the property to the highest bidder, demonstrating that it complied with the need to obtain best consideration as required by s123 of the Local Government Act 1972.

The decision-making process resulting in the decision to lease and the choice of tenant followed the procedures set out in the Council's Constitution for commercial leasing of an

asset under s123 of the LGA 1972. Had the decision to lease the asset for social, environmental, or economic wellbeing of the area been taken then a different process would have been followed. The Council has alternative processes and procedures in place to allow it to lease property for social, environmental, and economic wellbeing purposes and can provide examples to Councillors of when and which assets have been leased for this purpose.

Concerns have been raised about the leasing process which resulted in the audit review. The main area of concern seems to be regarding the initial decision to lease the asset for commercial purposes rather than for leasing the asset for social, environmental, and economic wellbeing purposes. In order to ascertain which of the Council's assets should be leased for the Social, Environmental, and Economic wellbeing purposes, officers recommend that the Council develops a community strategy and as part of the strategy undertakes an audit of the need for community facilities and the facilities that are available to meet that need in different areas of the borough to identify gaps in provision. This can then lead to the development of a community asset transfer policy which is recommended by CIPFA in its most recent guidance on asset management in local government.

No process is perfect and there are learning points that can be learned in any process or review. In accepting the findings and recommendations we have acknowledged:

- (1) That the Council's Asset management framework needs to be reviewed and updated and in doing so a more detailed disposal policy agreed formally by Executive
- (2) That a community strategy and community asset transfer policy should be developed and adopted by the Council
- (3) That consultation with residents' groups and users of buildings should be undertaken where it is proposed that the Council's operational buildings are to be leased
- (4) That the Council should better promote the ability for local groups to nominate 'Assets of community value' so that assets that are important to the community can be locally listed and the Council are aware of which assets are important to the community
- (5) That the provision of financial information in informal briefing notes to Councillors as part of working groups should be checked by the Council's finance team
- (6) That the Council's new project and programme governance framework should be used to help document decisions around the review of asset utilisation and assessment of alternative options in order to help document leasing and disposal decisions in the future
- (7) That a balanced scorecard approach to evaluating bids for property should be implemented to help record the decision-making process
- (8) That minutes of working group meetings should be clear regarding recommended courses of action

**Recommendation to Committee**

To note the final audit report on Burchatts Farm Barn and the content of this covering report.

Reason 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 the final version of the Burchatts Barn Audit report.

**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 review of the leasing process for Burchatts Farm Barn (BFB) was commissioned by officers in January 2020 following a request from a councillor which was supported by the (then) Lead Councillor for Finance and Assets. The scope of the review, as set out in the initial terms of reference shown in Appendix 2, was deliberately set by officers to focus on the internal processes rather than the political decisions in relation to the site and provide an opportunity to identify learning from any gaps in processes and procedures,.

- 3.2 Officers have in many cases partially accepted the recommendations of the review and, as detailed in the action plan, have agreed improvement actions. The partial agreement is due to not necessarily agreeing with all of the findings of the audit but despite this, being able to accept and implement the resulting recommendations. Following the issue of the draft report by KPMG to officers, a number of meetings have been held and follow up information has been provided to the auditors. Despite the additional information provided and requests to expand the audit to include all relevant stakeholders, the auditors felt that the core substance of their findings and recommendations remained and as such the report has only been slightly updated between the draft and final version.

- 3.3 The auditors have also been mindful that, for transparency purposes, the draft report had been published and as such this provided limited scope for making substantial changes between the draft and final reports. Much of the further information that officers have put forward was felt by the auditors to be contextual and more related to the political decision making (which was out of scope of their review) rather than audit evidence relating to the internal processes and procedures. As such, to provide context and background to the audit report and the process of the decision making, the contextual information and decision-making processes are provided in this covering report.

- 3.4 The scope of the review was initially narrow and the list of key contacts to be involved in the review limited to a small number of officers of the Council, the review was expanded during the course of the audit at the request of a councillor to involve a wider set of stakeholders, many of whom were external to the Council and not party to the decision-making process. Officers agreed this request with the auditors. Unfortunately, whilst external stakeholders were sent a questionnaire to canvass views, not all relevant stakeholders involved in the decision-making process were engaged with or interviewed as part of the audit, although some additional stakeholders were involved following the issue of the draft report. Key stakeholders that were not involved in the audit either until after

the draft report was issued or have still not been involved in the audit are as follows:

| <b>Stakeholder</b> | <b>Role</b>   |
|--------------------|---|
| Geoff Davis        | Lead Councillor for Asset Management May 2016 to May 2018 and member of the Property review group   |
| Richard Billington | Lead Councillor for Parks and Countryside in 2015- 2019   |
| Nigel Manning      | Lead councillor for Finance and Asset Management May 2015 to May 2016 and then again May 2018 to May 2019   |
| Paul Spooner       | Leader of the Council 2015 to 2019  |
| Matt Furniss       | Deputy leader of the Council and Ward Councillor for Christchurch 2015 to 2019  |
| Nikki Nelson Smith | Executive Committee member and Ward Councillor for Christchurch 2015 to 2019  |
| Caroline Reeves    | Member of the Property Review Group and Leader of the main opposition group 2015 to 2019  |
| Claire Morris      | Director of Resources and Chief Finance Officer since 2018, member of the Property Review Group since 2013 to present day   |
| Paul Stacey        | Parks and Landscape Manager   |
| Philip O'Dwyer     | Director of Community Services prior to retirement in 2020, member of the property review group and director responsible for asset management for the period under review |

- 3.5 Claire Morris, Paul Stacey, and Councillor Nigel Manning were consulted after the issue of the draft report. Councillor Paul Spooner and Caroline Reeves have been interviewed by officers in the preparation of this covering report. Former councillors and officers involved in the decision-making process were not interviewed for this covering report because it is felt serving councillors and officers have been able to provide the required information. Councillor Billington was not interviewed due to ill health.
- 3.6 The scope of the audit was to assess the controls and decision-making related to disposals of community assets. However, BFB is correctly classified as an 'operational land and buildings asset (community facility)', it is not classified as a 'community asset' (see below) nor is it classified as an 'Asset of Community Value (ACV)' which is a formal designation. Both terms have been used to incorrectly describe the asset by some stakeholders. The characteristics that made the property an operational asset were that BFB was used by the parks department for letting as a hall for hire (event facility) to generate income for the service, as well as being used by the Council for various council meetings and events. In addition, the flat above the barn was used as staff accommodation for a member of parks staff up to 2014.



- 3.7 The Council's assets are categorised in accordance with the guidelines and practices stated in the International Financial Reporting Standards (IFRS)-based Code of Practice on Local Authority Accounting (the 'Code'), published by the Chartered Institute of Public Finance and Accountancy (CIPFA); under which the Council's 'Community' assets typically comprise open space land held in perpetuity. All property assets that contain a significant building structure are held and categorised as Heritage, Investment, or Operational Land and Buildings.
- 3.8 The core areas where the findings are not fully accepted, and reasons why, are discussed in the following paragraphs.

**Asset management process and framework (Recommendations 1, 2, 8 and 9)**

- 3.9 The Council adopted the Asset Management Strategy and Framework in 2014. At the time that the initial decision to lease Burchatts Farm Barn was made (2016-17), the strategy and framework, only being two or three years old, was still current and relevant. It would be typical of an asset management strategy to be in place for a period of around four years. This timescale is also reflected in the fact that CIPFA have issued guidance and codes on public sector or local authority asset management and valuation in the years 2012, 2016 and, most recently, in 2020. As set out in our response to the recommendation, it is accepted that this should be updated and that it would be useful for the policy to be adopted formally by the Executive rather than being an unadopted operational level policy.
- 3.10 In addition, proper control and governance around the acquisition, security, management, and disposal of assets are set out within the Council's Constitution, Part 4, Financial Procedure Rules, Section C5 to C6.
- 3.11 The notion that there are '*no policies, procedures, controls or governance structures in place*' (as stated in recommendation 2) is therefore felt by officers to be a rather harsh statement. Following release of the draft report and further representations made by officers, the auditors have acknowledged that there are policies in place but have stated that in their view, they are not *consistently applied* because the auditors feel that legal, financial, social, cultural, and historic factors were not taken into account; again this is a matter which officers do not fully accept as outlined in the next section.
- 3.12 Officers are satisfied that the classification of assets follows CIPFA guidance; however, a greater understanding of how assets should be classified is clearly required across the Council.
- 3.13 Debate at the Committee's meeting on 19 November 2020 and comments made by the Lead Councillor for Economy indicate that the main area of concern is around having a policy or strategy that would determine which assets are disposed of for commercial purposes (i.e. at market value or 'best consideration') and which of the Council's assets should be disposed of for the environmental, social and economic wellbeing of the area (i.e. potentially at less than best consideration). Officers are of the opinion that the need for this distinction is not about the classification of assets but relates to the Council needing to have a community strategy linked to a need for the provision of community facilities and

a community asset transfer policy. Officers suggest that a community strategy and a community asset transfer policy is developed. The strategy should identify what the need for community facilities is within an area, the current provision of community facilities within an area and identify gaps in provision. The policy could look to identify which of the Council's assets meet any identified gap and could be subject to transfer to the community to meet that need.

- 3.14 Separate to the Council's Asset Management framework, the Localism Act allows local communities to nominate land and/or buildings as 'Assets of Community Value' (ACV). Any privately and publicly owned property can be nominated; examples include pubs, community centres, village shops, libraries, and allotments. Land or buildings can only be successfully nominated where the main use improves the social wellbeing of the community. Information to be included on the nomination form needs to explain how the asset improves (or has improved in the past) the social wellbeing or interests of the local community and is capable of being used to further the social wellbeing of the local community in the next five years. The definition of 'social interests' includes cultural, recreational and sporting interests. Once a nomination has been successfully made and a nomination has been accepted the asset is locally listed and then if a land or property owner wishes to sell the ACV, the Council must be informed and the community is provided with an opportunity to bid. The Council can be the land/property owner of an ACV but is unable to nominate its own assets as ACVs - other groups have to make the nomination. Nominations can only be made by parish councils, neighbouring parish councils, 'Unincorporated Groups', neighbourhood forums, or community interest groups with a local connection. The only ACV that has been listed locally which is owned by the Council is the Electric Theatre.
- 3.15 It is worth noting that, to date, no community group or organisation has made a nomination for BFB to be an 'Asset of Community Value' (ACV). As such there are no specific requirements around the disposing or leasing of BFB which the Council would be required to follow other than legislation, its own Constitution and asset management framework. Guidance around the creation of ACVs is already included on the Council's website: <https://www.guildford.gov.uk/article/18430/Assets-of-Community-Value>. However, officers have accepted recommendation 9 from the auditors that this should be better promoted to improve awareness by community groups.

### **Decision making (Recommendations 2, 4, 5, and 7)**

- 3.16 Firstly, it is important to understand the decision-making processes of the Council as a whole, before understanding how they were applied in the disposal of BFB.

#### ***General***

- 3.17 As referred to in paragraph 3.10 above, the rules around disposal of Council assets are set out in the Council's Constitution, Part 4 Financial Procedure Rules sections C5 – Asset Security and C6 – Asset Disposal. The audit report does not refer to the decision-making processes set out in the Council's Constitution nor does it make comment on whether the process of disposing of BFB followed the Council's Constitution. The Constitution is the Council's primary governance

document setting out how the Council operates. The requirements of the Constitution were referred to a number of times by officers in response to the draft report. The Constitution is available on the Council's website. Section C5 of the Financial Procedure Rules in the Constitution includes a requirement for Directors and Service Leaders to *ensure they consult with the Director of Service Delivery and the CFO (Chief Finance Officer) on any proposed transactions, including the leasing, disposal or acquisition of land and buildings... to ensure that where land or buildings are surplus to services' requirements, a recommendation for sale is the subject of a joint report by the Director or Service Leader and Director of Service Delivery in consultation with the Lead Specialist – Legal and the CFO.*

**3.18** Section C6 of the Financial Procedure rules states '*it would be uneconomic and inefficient for the costs of assets to outweigh their benefits. Obsolete, non-repairable or unnecessary resources should be disposed of in accordance with the law and rules of the Council*'. Under the section 'Key Controls – Land and Buildings' it goes on to say that *the disposal of land and building assets must be in accordance with the provisions set out in the Local Government Act 1972 including the obligation to receive the best consideration reasonably obtainable in accordance with s123 of the Local Government Act 1972. All disposals shall be at market value unless otherwise agreed by the CFO in consultation with the Leader or appropriate Lead Councillor.*

3.19 Council Constitution Part 3 – Responsibility for Functions - Delegation to Officers, which is relevant to this report:

- (a) General Delegation to All Directors and Service Leaders....To undertake the day to day management and operation of staff reporting to them and of the premises and services for which they are responsible in accordance with the policies and procedures laid down by the Council
- (b) Delegation to Director of Strategic Services – Head of Asset Management.... To undertake the general management and control of the Council's land and property holdings and to achieve the best economic and social use of land and buildings including their appropriation for the purposes of achieving the Council's priorities..... In Consultation with the appropriate lead councillor and subject to being satisfied that the Council will receive the best consideration reasonably obtainable: subject to consultation with the Chief Finance officer, to accept terms for the granting, renewing, reviewing and varying of leases of Council owned land and property held in the General Fund

3.20 Where decisions are taken using the delegated authority of officers, the matter is recorded on a 'Delegated Authority Form' (known as a 'DA Form') and published on the decision register on the Council's website.

3.21 In addition to the Constitution, the Corporate Plan drives the service plans and work programmes of the Council. The Council's Corporate Plan 2015 to 2020 had a corporate priority under the theme 'Your Council' to 'maximise the value derived from our property portfolio'. This corporate priority would have been reflected in the service plan for both the Asset Management Service and the Parks and Countryside Service.

***Application of the Council's Decision-making framework to BFB***

- 3.22 The proposal to find an alternative use for Burchatts Barn was initially put forward by the former Head of Parks and Countryside in 2014. The reason for the proposal being raised was the fact that the member of staff who had been using the BFB flat as staff accommodation left the Council's employment and income from hiring out the barn had been declining. As a result, it was felt that use of the asset in its existing form was not providing value for money for the Council. Informal advice on alternative options was therefore sought from the asset management team which in turn commissioned exploratory external advice on alternative uses for the property. The ability for a Head of Service to liaise with the Head of Asset Management to initiate a review of property within their service, is in line with the general delegation to service leaders as set out above in paragraph 3.19(a). An executive decision at this stage is not necessary nor would we usually expect to complete a DA form at this early stage; however, as the audit found, the matter was informally discussed at the Property Review Group (PRG) to ensure that all officers and councillors relevant to the decision-making process were fully briefed on the proposals.
- 3.23 Between the period 2014 and late 2016 various discussions were held between the parks department and community sports groups which regularly use Stoke Park to see if there was an option for BFB to be leased to them to use as a 'club house' that could then also be hired out by, and generate income for, the community/sport group. In addition, discussions were held with the Girl Guides to see if they were interested in relocating from the Guide Hut on Nightingale Road to BFB. These discussions were intermittently referenced in the minutes of PRG during the period 2014 to 2016 but ultimately did not progress beyond discussion stage. As a result, at the PRG meeting in October 2016, it was mentioned that following a lack of progress, a briefing paper would be taken to CMT. Officers consider that alternatives to commercial leasing were considered during these informal discussions (recommendation 5) but were rejected.
- 3.24 A formal briefing note 'Summary Property report – Burchatts Farm Barn' was presented to the CMT on 29 November 2016 (see Appendix 3) which reviewed various options following the discussions outlined above, but recommended that the property be leased out for commercial/market income. In the same report it was confirmed that the service had stopped taking bookings beyond 31 March 2017. The CMT consists of the Managing Director (Head of Paid Service), all Directors (including the Chief Finance Officer), and the Monitoring Officer. As such the briefing note, met the criteria set out in paragraph 3.17 above, that the service leader consults with Directors and the CFO in relation to any proposed leasing transactions. The minutes from the CMT meeting on 29 November 2016 record that CMT agreed the recommendation to market the property and asked the Parks and Countryside Manager to consult with the ward councillors and PRG to progress the matter.
- 3.25 It is worth noting that the briefing note (Appendix 3) did only report the income and expenditure relating to the barn and did not include information in respect of the Burchatts Farm cottages as these are separate buildings to the barn and in a different location. The note also states that the figures included, amongst other things, support service charges and indirect costs that would not be necessarily

- be saved. (Recommendation 4) In addition to costs recorded within the BFB cost centre other overhead costs such as casual staffing, administration, and rangers.
- 3.26 PRG considered the Summary Property Report – Burchatts Barn (Appendix 3) at its meeting on 17 January 2017. The minutes of the meeting state *‘Report and Summary regarding future use of barn circulated to the group. Findings of report are that the property is currently costing Council between £30-£70k per year. Commercial agent advice received, that D1 was most likely alternative use if leasing the property out. Other options include the possibility of moving girl guides in Nightingale Road to site to free up their existing site for the redevelopment of Stoke Park Nursery. A restaurant was considered to be impractical due to size, location, and parking. Financial implications of each proposal to be investigated and reported back to next meeting.’* The meeting of PRG on 21 February 2017 also considered BFB further; the minutes of the meeting record *‘Burchatts Farm Barn – Gone to market for expressions of interest for 6-week period, which will start after press article released’*. The next mention of BFB in minutes of PRG was then at the meeting on 18 April 2017 when it was confirmed that the market testing was being undertaken and expressions of interest were being sought. At that point the marketing campaign was due to run for a further three weeks and the outcome would be reported to a future meeting.
- 3.27 As referenced in the audit report, following conclusion of the marketing exercise to seek expressions of interest, 12 interested parties submitted bids. PRG minutes from the meeting on 16 May 2017 document discussion of the expressions of interest received and noted that a report would be presented to CMT then further discussion would be held at the next meeting. A further briefing note was presented to CMT on 30 May 2017 and then again to PRG on 20 June 2017 documenting that of the 12 bids, four were deemed to be appropriate and would complement Stoke Park. The briefing note went on to state that of the four, the preferred bidder was a local GP surgery. Reasons were given within the briefing note as to why the GP surgery was the preferred bid. The minutes of both CMT and PRG record discussion of the item but are not specific about the outcome of the discussion, albeit officers took to understand that both meetings were supportive of the preferred choice advancing.
- 3.28 Following the marketing process, as found in the audit report, a ‘savings bid’ was submitted as part of the 2018-19 budget setting process. As is normal practice, savings bids were discussed by the Joint Executive Advisory Board Budget Working Group (JEABBWG) and the Joint Executive Advisory Board (JEAB) prior to being presented to Executive and then full Council as part of the budget report. The JEABBWG and JEAB are both cross-party groups. The JEABBWG met to discuss the bids, including the bid to lease BFB on 10 November 2017 and JEAB discussed the bid on 23 November 2017. The JEABBWG was held in private as it is a working group, like PRG. However, JEAB is a public meeting which would have been webcasted and the agenda and minutes of that meeting are available for viewing on the Council’s website. The informal notes from the JEABBWG indicate that the working group was supportive of the proposal to lease BFB. The minutes of the JEAB make no specific reference to the bid to lease BFB despite discussion over other bids being documented in the minutes, the webcast of the

meeting is no longer available for review. Officers understood that JEAB was generally supportive of the proposal to lease.

- 3.29 As found within the audit report, discussions with the GP surgery unfortunately broke down in 2018 and the property was re-marketed by the Council's agents. The outcome of the marketing exercise was discussed at PRG on 20 November 2018; the minutes of the meeting state *'Following a marketing exercise, Council received nine offers. The highest bidder and most positive bid was from a chiropractic clinic looking to relocate prior to April 2019. MA has worked on heads of terms with the agent and will submit instructions to Legal as soon as possible. When planning consent is received, we can proceed quickly'*. PRG were kept up to date on the progress of negotiations between November 2018 and March 2019. The minutes from the meeting on 19 February 2019 in relation to BFB record that *'aiming for exchange of contracts on Friday 22 February 2019'*.
- 3.30 PRG is an advisory working group appointed by the Executive, and during the period under review, the group consistently included the Lead Councillor with responsibility for assets and the leader of the main opposition group on the Council. It is not a decision making group and has no decision making powers, as such whilst minutes could potentially have documented clearer recommendations from the group, it would not be expected that there would be a formal decision set out in its minutes as recommended by the auditors (in recommendation 7). As set out in paragraph 3.19 (b) above, Leasing of BFB was a decision delegated to officers, that should be documented on a DA form. The decision was not made by a formal meeting of the Executive and as such no Executive minutes relating to the decision exist.
- 3.31 Whilst the decision was an officer decision, the reports presented to CMT, PRG JEABBWG and JEAB and the minutes of the relevant meetings document that the CFO and Lead Councillor for Asset Management were regularly consulted as per the requirements of the Council's Constitution (see paragraph 3.16 and 3.18 above) and indeed, that a far wider group of both executive and non-executive councillors, were consulted on the proposals at various points in the decision making process. In addition to the formal meetings and minutes there is also a significant amount of email correspondence demonstrating that appropriate councillors (including the Leader of the Council, Lead Councillor for Parks and Countryside and the ward councillors) were consulted on the process as it progressed. The fact that the bid to lease BFB was approved by full Council, as part of the budget report, in February 2018 without comment, could be taken as evidence that the majority of the Council was supportive of the decision to commercially lease BFB or at least did not raise any objections. 32 Councillors voted for the budget, 9 abstained and 1 councillor voted against.
- 3.32 The above paragraphs demonstrate that the predominant opposition to the decision to lease came from outside of the Council. As noted by the auditors in their report, the objections to the leasing decision seemed to focus, initially at least, on the Council's choice of tenant rather than the decision to commercially lease the asset or the change of planning use from D1/D2 to just D1. The Council elections in May 2019 also then had a significant bearing on the decision-making process. Following the Planning Committee's refusal of the change of use application, the leasing of BFB became an election issue.

Following the change in political make-up of the Council at the May 2019 election, a review of the leasing decision was requested by the new Lead Councillor for Finance and Assets. The new review looked at other options for the leasing of BFB and an updated summary property report was again discussed at PRG as it had been earlier in the process. Unfortunately, the updated report discussed at PRG in October 2019 included expenditure on Burchatts Farm Cottages as well as BFB and this has led to recommendation 4 in the auditor's report. Whilst other options were looked at and discussed, once the Chiropractor Clinic successfully won their appeal against the refusal of the change of use application, it was decided by the Head of Asset Management in consultation with the Lead Councillor for Finance and Assets and the CFO that the lease to the clinic would be exchanged and completed.

- 3.33 The record of decision taken by Officers under delegated authority was recorded on a DA form initially in early 2019 (when the lease was exchanged with the lessee prior to the planning decision) and again in March 2020 when the lease for BFB was finally completed following the outcome of the planning appeal. A copy of the decision notice is available on the Council's website and was presented to the Corporate Governance and Standards Committee as part of the supplementary information paper at its meeting on 19 November 2020. This decision notice demonstrates that the Council complied with its Constitution in leasing of the barn.

#### **The tendering process – communication and selection**

- 3.34 Recommendations 3 and 6 relate to the communication of the tendering process for the leasing of BFB. Under findings and lessons learned the auditors on pages 15 and 16 it was identified that *residents' groups did not feel consulted on the matter of Burchatts Farm Barn. The newspaper advert was not seen widely enough and as such residents felt there was no due process for them to suggest alternatives to commercial leasing or to object to the Council's plans. The lessee's planning application received 86 written objections, and it would be better if these objections could have been made directly to the Council at a more appropriate time and in a more appropriate forum. The Council should make use of more communication tools such as social media accounts and informing local residents' groups.* The finding focussed on a statutory newspaper advert at the end of the process but ignores the finding earlier in the report on page 13 that the Council issued a press release detailing its intentions at the start of the process in March 2017. The Council normally promotes all of its press releases on its social media channels and so it is quite likely that social media would have been used to promote the press release, but this has not been verified. The press release was picked up by at least one local media site which ran a story on the Council's intention to lease BFB in March 2017. In addition, both in early 2017 and then again in Autumn 2018, the Council's property agents ran a full open tender and marketing campaign to invite bids for the future use of BFB. If community groups were interested in taking the lease, then there was an opportunity for them to have submitted an expression of interest or suggest alternatives at the time the property was marketed. Some community groups did express an interest and submitted bids. The range of bids received for the barn came from commercial and non-commercial organisations offering different uses and so it is not entirely clear why any particular community group would feel that they could not have

inputted into the process at an earlier stage. Officers assume that the reason was because they did not see the opportunity despite its promotion, and so have accepted that local groups that use Stoke Park and neighbouring residents' groups could have been communicated with as part of the marketing process in response to recommendation 3. It would be possible for the Council to request that its marketing agents write to local residents' groups and other stakeholders identified by the Council to promote opportunities for leasing or buying the Council's operational properties when they are put out to market.

- 3.35 The overall criteria used in the decision-making process as to the acceptance of a preferred bidder was the price 'consideration' offered, which was clearly stated in the marketing material sent to prospective bidders. Other factors taken into account in the decision-making process as to the best bid were satisfying various details such as the proposed use, whether it was complementary to Stoke Park and other tenants in the area, planning situation, deposit funds offered, any rent free requested, timeframe for occupation, commitment to paying repairs and maintenance, and financial security of the future tenant. Each bid was taken on its own merit as a property transaction and the Council employed its external, independent professional agent to recommend the best bid. Both times the Council officers in conjunction with the relevant councillors considered the recommendations, reviewed the alternative bids at PRG, and confirmed their agreement to the recommended best bids. However, these factors could be set out in a scorecard providing weighting to each of the qualifying criteria as is normal practice with evaluating contract tenders. As such officers have accepted the recommendation to implement a scorecard approach. This would also allow officers the opportunity in future to provide a weighting to social value and a weighting to price in a process where a decision to take social value into account was followed.

#### **4. Consultations**

- 4.1 In the preparation of this covering report and response to feedback at the November meeting of this Committee, the former Leader of the Council and the former Leader of the main opposition group (who was a member of PRG) were interviewed by officers.
- 4.2 Councillor Spooner's comments on the report are: *at the time CMT and Executive agreed to review GBC assets, they wanted to support heritage assets in the Borough but did not see sense in leaving buildings empty. PRG included Cllr Manning, Angela Gunning and Caroline Reeves and was cross party<sup>1</sup>. The discussions among the majority of the Executive were around the positive impacts of Burchatts Barn becoming a medical centre i.e. good community use. This option fell through. Following much debate, the Executive decided to follow Cllr Manning's advice as lead member (by then following his re-appointment as Lead Councillor for Finance and Assets in May 2018), together with the Asset Management team advice, and proceed with the lease. Internally GBC did*

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<sup>1</sup> Officer correction: Cllr Manning was initially a member of PRG up to 2016 but then became Deputy Mayor and then Mayor so was not a member of PRG from May 2016 to May 2018, Cllr Davis was the Conservative PRG member. In addition, Cllr Gunning was not a member of PRG).



*everything professionally and correctly, they had a review, before the decision was finalised and members and officers were at one and all in agreement that this was the appropriate way to move forward. The decision to do the audit was right to demonstrate there was nothing untoward. The principle was right, but Cllr Spooner does not understand why the list of recommended participants excluded any elected member prior to 2019. Cllr Manning was asked late in the day for comments. Cllr Spooner has only been asked to comment after voicing his concerns at the first public meeting. The FOI disclosure shows that there was nothing untoward in the way the professionals dealt with the disposal. The Council should have allowed KPMG to get on with the audit without a particular councillor leading it, as such this is not an objective report. In relation to the recommendations and findings, despite the way it was handled, the actual recommendations in substance are acceptable. It is more damaging to officers as it gives the impression of incompetence which Cllr Spooner does not think was there. Cllr Reeves was on PRG as the leader of the opposition, she is the one person who has continuity in this and should have also been included in the audit process.*

- 4.3 Councillor Reeves was a member of PRG throughout the process and therefore was interviewed by officers in the drafting of this report. Councillor Reeves' comments are:
- Cllr Reeves stated that at PRG they had had the usual debate around it, lettings were infrequent, costs were high, the flat needed a lot of work, the sound proofing didn't work so the flat occupier can hear everything going on in the Barn. Cllr Reeves was later on aware some people were not happy but her own thoughts were that if people were so keen, we kept the building then more people should have hired it. Cllr Reeves felt the whole issue of who was going to rent it got confrontational, but they went through the due process. Cllr Reeves confirmed she was comfortable with the process as a member of PRG. It was marketed etc in accordance with the process we had. The lessons learnt from this disposal is although legally we complied with the advertising requirements, this does not always reach everybody, so we should look to advertise more widely in future. In relation to the KPMG recommendations, the type of asset, GBC needs to address this about lots of buildings. Cllr Reeves felt point 3 was very pertinent we advertised in the local paper, but not enough people read it, it did not reach everyone.*

## **5. Financial Implications**

- 5.1 There are no financial implications as a result of this report. The leasing of the barn has generated an income stream for the Council of around £40,000. As the lease is a full repairing and insuring lease, the Council has also been able to recognise net cost savings of around £10,000 on top of the income stream. As a result, the overall benefit to the Council is around £50,000. The Council undertook an open market tender exercise in order to lease the property and is therefore satisfied that it has achieved best consideration as required by the Council's Constitution and section 123 of the Local Government Act 1972.

## **6. Legal Implications**

- 6.1 The Council marketed the letting on an open market tender basis and granted the lease to the highest bidder. As such the Council was able to evidence that s.123 of the Local Government Act 1972 was complied with in that best consideration was achieved.
- 6.2 The decision to grant the lease was taken by the relevant officer (who consulted with the CFO and Lead Councillor) as required by the scheme of delegation in the Council's Constitution, the notice of the decision was also published as required.
- 6.3 As detailed in the report BFB was not an Asset of Community Value and had no other status which required an alternative route to disposing of the asset.

## **7. Human Resource Implications**

- 7.1 There are no Human Resource implications as a result of this report; it is acknowledged by senior officers of the Council that the process of leasing BFB became a surprise political issue and that this has caused significant increase in the level of resource needed to complete the transaction and did cause some distress to some Officers involved in the process.

## **8. Conclusion**

- 8.1 The decision to lease BFB for commercial purposes was initially a decision taken by CMT in consultation with the Lead Councillor for Assets following consultation with PRG and ward councillors. However, confirmation of the decision was ultimately taken by full Council in February 2018 as part of the Council's budget process following submission and consideration of a savings bid for the 2018-19 budget. The Council was able to make a decision to lease the asset for commercial purposes as no specific designated status required an alternative approach. The Council followed an open market tender process and leased the property to the highest bidder, demonstrating that it complied with the need to obtain best consideration as required by s123 of the Local Government Act 1972.
- 8.2 The decision-making process resulting in the decision to lease and the choice of tenant followed the procedures set out in the Council's Constitution for commercial leasing of an asset under s123 of the LGA 1972. Had the decision to lease the asset for social, environmental, or economic wellbeing of the area been taken, then a different process would have been followed. The Council has alternative processes and procedures in place to allow it to lease property for social, environmental, and economic wellbeing purposes and can provide examples to councillors of when and which assets have been leased for this purpose.
- 8.3 Concerns have been raised about the leasing process which resulted in the audit review. The main area of concern seems to be regarding the initial decision to lease the asset for commercial purposes rather than for leasing the asset for social, environmental, and economic wellbeing purposes. In order to ascertain which of the Council's assets should be leased for social, environmental, and

economic wellbeing purposes, officers recommend that the Council develops a community strategy and as part of the strategy undertakes an audit of the need for community facilities and the facilities that are available to meet that need in different areas of the borough to identify gaps in provision. This can then lead to the development of a community asset transfer policy, which is recommended by CIPFA in its most recent guidance on asset management in local government.

- 8.4 No process is perfect and there are learning points that can be learned in any process or review. In accepting the findings and recommendations we have acknowledged:
- That the Council's Asset management framework needs to be reviewed and updated and in doing so a more detailed disposal policy agreed formally by Executive
  - That a community strategy and community asset transfer policy should be developed and adopted by the Council
  - That consultation with residents' groups and users of buildings should be undertaken where it is proposed that the Council's operational buildings are to be leased
  - That the Council should better promote the ability for local groups to nominate 'Assets of Community Value' so that assets that are important to the community can be locally listed and the Council are aware of which assets are important to the community
  - That the provision of financial information in informal briefing notes to councillors as part of working groups should be checked by the Council's finance team
  - That the Council's new project and programme governance framework should be used to help document decisions around the review of asset utilisation and assessment of alternative options in order to help document leasing and disposal decisions in the future
  - That a balanced scorecard approach to evaluating bids for property should be implemented to help record the decision-making process
  - That minutes of working group should be clear regarding recommended courses of action

## **9. Background Papers**

None

## **10. Appendices**

Appendix 1: KPMG Report Burchatts Farm Barn

Appendix 2: Burchatts Farm Barn, Terms of reference

Appendix 3: Summary Property Report – Burchatts Farm Barn (November 2016)

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# Burchatts Farm Barn



17 December 2020  
Guildford Borough Council  
Internal Audit 2019-20

# Contents

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### Status of report

|   |                  |
|---|------------------|
| Discussion draft issued                                   | 7 October 2020   |
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| Final report issued                                       | 17 December 2020 |
| Presented to Corporate Governance and Standards Committee | 14 January 2021  |

### Distribution

| To (for action):  | CC (for information):   |
|---|---|
| <ul style="list-style-type: none"> <li>— James Whiteman – Managing Director</li> <li>— Joan Poole – Head of Internal Audit</li> </ul> | <ul style="list-style-type: none"> <li>— Claire Morris – Director of Resources</li> <li>— Marieke van der Reijden – Head of Asset Management</li> </ul> |

This report is provided pursuant to the terms of our engagement letter dated 12 April 2018. Nothing in this report constitutes a valuation or legal advice. 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. In preparing this report we have not taken into account the interests, needs or circumstances of anyone apart from Guildford Borough 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 Guildford Borough Council) for any purpose or in any context. Any party other than Guildford Borough 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 Guildford Borough 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 Guildford Borough 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 Guildford Borough 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 Guildford Borough 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

### Context

In accordance with the Terms of Reference approved by the Council's Head of Internal Audit, we conducted a review of the design of controls and governance arrangements over decision making related to the disposals of community assets using Burchatts Farm Barn as a case study.

Having completed fieldwork and issued our draft report to management, it has become clear that there are significant inconsistencies across the Council about the asset classification of Burchatts Farm Barn. We identified officers with different views about whether Burchatts Farm Barn is classed as a community asset, an operational asset or an investment property. There are likely to be different rules, regulations, laws and internal processes that should be followed depending on how the asset being disposed of is categorised. As set out in our approved Terms of Reference for this review, we assessed Burchatts Farm Barn against the community asset processes in line with the agreed Terms of Reference.

The substance of our findings – that the asset disposal process needs to be codified, approved and subject to regular review and revision, and that the Council needs to maintain robust corporate records to evidence that activities and decision making complied with the process – stand regardless of the categorisation of the asset used for the case study. Our recommendations are focused on improving the design of the control environment to promote consistent, robust and evidenced decision making.

### Conclusion

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.

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.

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.

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.

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.

Section one

# Executive summary (cont.)

## Objectives

The objectives of our review were:

| Objective   | Description of work undertaken  |
|---|---|
| <p><b>Objective One</b></p> <p>Design of controls and associated governance</p> | <p>We reviewed the design of controls and governance around decision-making related to the use of community assets at the Council. This included:</p> <ul style="list-style-type: none"> <li>the preparation, scrutiny and approval of business cases;</li> <li>consideration of alternative options;</li> <li>mechanisms for stakeholder consultation and seeking agreement to proceed;</li> <li>process to review, monitor and report on costs;</li> <li>assessing, monitoring and reporting benefits realised; and</li> <li>processes followed to market identified properties.</li> </ul> |
| <p><b>Objective Two</b></p> <p>Compliance</p>                                   | <p>We reviewed the available information for Burchatts Farm Barn to assess the level of compliance with Council policy and procedures as identified through Objective One above. This included how change management controls operated when amendments relating to the use of the community asset were identified, reviewed and approved.</p>   |
| <p><b>Objective Three</b></p> <p>Learning</p>                                   | <p>Following our review of available documentation we considered whether there is learning for the Council which can be established and applied to other community assets going forward.</p>  |

## Areas of good practice

- ✓ A bid for funding was approved by the Budget Council that included relevant financial information and documented consideration of risks, legal requirements, local issues and the impact on the environment and community to disposing of Burchatts Farm Barn.
- ✓ The Council followed a process to appoint a commercial real estate agency with local market knowledge to produce a market report for Burchatts Farm Barn.
- ✓ The Council discharged its legal responsibility by notifying the community of the proposed disposal.

## Areas for improvement

- There are significant inconsistencies across the Council about whether Burchatts Farm Barn should be classed as a community asset, an operational asset or an investment property (**Recommendation One**).
- There are no consistently applied policies, procedures, controls or governance structures in place for the disposal of community assets (**Recommendation Two**).
- The Council discharged its legal responsibility to inform residents of its intention to dispose of open space in the case of Burchatts Farm Barn by publishing an advertisement in a local newspaper for two issues and received no objections, yet at the lessee's planning application stage 86 written objections were submitted, suggesting that the advertisement did not reach the appropriate audience (**Recommendation Three**).
- The options note presented to Councillors about the future of Burchatts Farm Barn included inaccurate financial information as it included income and expenditure relating to Burchatts Farm Cottages, which are separate assets. The net position was presented as £7k or 20% erroneously adverse in 2016/17, and £4k or 5% erroneously favourable in 2015/16 (**Recommendation Four**).
- The Council was only able to provide evidence that alternatives to commercial leasing of Burchatts Farm Barn were considered after the lease had been offered to a tenant, meaning consideration of the alternatives included potential adverse consequences to the Council if it withdrew from the arrangement (**Recommendation Five**).
- Decision making around awarding leases is inconsistent and there is a lack of clarity about the extent to which community value is considered by the Council as a criteria (**Recommendation Six**).



Section one

# Executive summary (cont.)

## Areas for improvement (cont.)

- The Council has not been able to provide documentation from the Executive or the Property Review Group to evidence who and when key decisions were made throughout the process of disposing of Burchatts Farm Barn (**Recommendation Seven**).

We also raised two low priority recommendations relating to the reviewing and reissuing of the Asset Management Strategy and Framework, which is robust but is no longer representative of current Council operations, and considering how the Council can raise awareness in the community about formally nominating assets of community value.

## Recommendations

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

|                           | High | Medium | Low | Total |
|---------------------------|------|--------|-----|-------|
| <b>Made</b>               | 2    | 5      | 2   | 9     |
| <b>Accepted</b>           | -    | 3      | 1   | 4     |
| <b>Partially accepted</b> | 2    | 2      | 1   | 5     |

## 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><b>1 High priority (one):</b> 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. Require immediate attention.</p> | <p><b>2 Medium priority (two):</b> 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><b>3 Low priority (three):</b> 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><b>Asset categorisation review</b></p> <p>There are significant inconsistencies across the Council about the asset classification of Burchatts Farm Barn. We identified officers with differing views about whether Burchatts Farm Barn should be classed as a community asset, an operational asset or an investment property. The Council received assurance from its external auditor that its categorisation of assets in its financial statements is in line with CIPFA guidance.</p> <p>There is a risk that the Council is inconsistent in its approach to categorising and subsequently managing assets, which could lead to a failure to comply with the required internal processes, rules, regulations and laws specific to different asset types.</p> <p>We recommend that the Council undertakes an urgent review of the categorisation of all assets to ensure that there is consistency across the organisation about asset classifications. The review should be prioritised on a risk basis, for example, with assets due to be disposed of soonest, or assets with the greatest value being reviewed first.</p> | <p><b>Partially agreed</b></p> <p>The classification of assets in the Council's asset register and therefore on its balance sheet is in accordance with CIPFA guidance and has been tested multiple times over the years as part of the External Audit of the Council's accounts. We are satisfied that the categories are correct. However, we accept that there is a misunderstanding within the council and within the community on the difference between the definition of a 'Community Asset', a 'Community Facility' and an 'Asset of Community Value' and which assets fall into which category and that this could be better communicated. In the case of Burchatts Barn the asset is an 'Operational Asset - Community Facility' not a 'Community Asset' within the Council's Asset Register which is its correct category.</p> <p>Action to be taken: When an asset is to be disposed of we will review the classification of the asset and consider whether the asset needs to move categories at that point. We will consider the objective of the disposal – i.e. as to whether the asset is to be disposed of for 'best consideration' or whether it is to be 'disposed of for less than best consideration for the environmental, social, or economic wellbeing of the area'. We will ensure that the relevant report and decision notice correctly references the category type of the asset and the purpose of the disposal.</p> <p>Director of Strategic Services</p> <p>Deadline: 31 January 2021</p> |

Section two

# Recommendations (cont.)

| # | Risk | Recommendation   | Action, owner and deadline   |
|---|------|--|--|
| 2 | 1    | <p><b>Asset disposal policy and associated procedures</b></p> <p>There are no consistently-applied policies, procedures, controls or governance structures in place for the disposal of community assets, including prompts to consider legal, financial, social, cultural and historical factors when disposing of assets in its portfolio.</p> <p>There is a risk that the Council is inconsistent in its approach to disposing of assets and that staff are unclear about responsibilities and obligations. Procedures need to be standardised and approved to increase transparency.</p> <p>We recommend that the Council produces an asset disposal policy that details:</p> <ul style="list-style-type: none"> <li>the circumstances where asset disposal will be proposed;</li> <li>the factors that will be considered;</li> <li>how the public will be notified or consulted;</li> <li>the procedures to be followed; and</li> <li>the responsible officers.</li> </ul> <p>The policy should be approved and reviewed regularly at the appropriate point in the governance structure.</p> | <p><b>Partially Agreed</b></p> <p>Alongside the Asset Management framework which was adopted in 2014, the Council does have an internal asset disposal policy within the Asset Management team. However, this was last updated in 2011. Whilst it is accepted that policies need regular review the process of disposing of assets is materially similar to the stated policies. The Council does have a policy for disposing of assets at below market value but that policy did not apply in this case as the decision by CMT (having consulted with the Property Review Group and relevant Lead and Ward Councillors) was to seek a market rent for this asset – i.e. the purpose of the disposal was to seek best consideration under section 123 of the Local Government Act 1972. The purpose of the disposal was referenced in the Summary property report presented to PRG in January 2017. The published decision notice and officer delegated authority form references that the purpose of the disposal was income generation and that the disposal was for best consideration. In 2020 CIPFA issued an updated 'Guide to Local Authority and Public Sector Asset Management' which proposes that council's develop a strategic asset management framework including an updated process for asset reviews and challenges which includes proposals for an updated disposal process, including suggesting a community asset transfer policy.</p> <p>Action to be taken: The Council will work with CIPFA to develop and adopt a revised Strategic Asset Management Framework, disposal policy and community asset transfer policy. It is proposed that the new framework and policies are discussed and reviewed by the Executive Advisory Board prior to adoption by the Executive. Within the disposal policy we will set out the factors that are to be considered in determining whether an asset is to be disposed of for 'best consideration' or whether it is to be 'disposed of for less than best consideration for the environmental, social, or economic wellbeing of the area'. We will ensure that relevant reports and decision notices reference the objective of the disposal.</p> <p>Director of Strategic Services</p> <p>Deadline: 31 March 2022</p> |



Section two

# Recommendations (cont.)

| # | Risk | Recommendation   | Action, owner and deadline  |
|---|------|--|---|
| 4 | 2    | <p><b>Review of accuracy of information</b></p> <p>A Summary Property Report regarding options for the future use of Burchatts Farm Barn was presented to Councillors in October 2019. The report included an income and expenditure summary for the three preceding years. The information included income and expenditure for Burchatts Farm Cottages, which are separate assets that should not have been considered in the decision on the future of the Barn. The net position was presented as £7k or 20% erroneously adverse in 2016/17, and £4k or 5% erroneously favourable in 2015/16.</p> <p>The figures in the Bid for Funding imply that £40-70k in annual running costs would be saved should the property be let, but as the figures include salary and administrative recharges this does not represent genuine savings. The Bid for Funding also contained administrative errors where the project start date was after the project end date. There is a risk that Councillors could make decisions about the future use of properties based on inaccurate information.</p> <p>We recommend that the Summary Property Reports and Bids for Funding are reviewed for accuracy before distribution.</p> | <p><b>Partially Agreed</b></p> <p>An earlier version of the Summary Property Report was reported to PRG in January 2017 with the correct figures on it for Burchatts Barn only. It is regrettable that as a result of human error inaccurate information was reported to Councillors in October 2019, however we consider that the inclusion of the small amount of net expenditure on the cottages in comparison to the larger expenditure on the barn did not materially effect the financial position shown in the report. The Summary Property Reports presented to PRG are internal briefing notes and as such are not checked by finance prior to reporting to PRG or CMT. It was the January 2017 report which was mainly used for the decision to go to market and which informed the Budget Bid presented to Budget Council as part of the savings proposal. It is worth noting that the Budget Bid was reviewed by Finance, CMT, the Joint EAB Budget Task group, the Joint EAB, the Executive and Council but the point about the project start date being after the end date was not picked up or corrected. The informal notes of the Joint EAB Budget Task group show it was supportive of the proposal to lease the barn and the Joint EAB minutes show no comments were made about that particular saving proposal. The direct annual running costs of the asset were £28,534 in 2016-17 of which only £7,803 related to salaries and support service recharges. In 2016-17 income generated from lettings was £10,595 meaning that the net cost of running the asset to the Council was around £17,000 to £18,000. The lease which the council has entered into is a full repairing and insuring lease and generates income of around £40,000 per annum therefore the overall total of the cost savings and income is around £50,000 (ie, Net cost of £17k less £8k salaries and recharges plus £40k income). As such officers consider that the overall saving target of between £40k to £70k has been achieved and that the bid for funding was materially correct.</p> <p>Action to be taken: Property reports to PRG to be checked by Finance in future</p> <p>Director of Strategic Services</p> <p>Deadline: 31 March 2021</p> |

Section two

# Recommendations (cont.)

| # | Risk | Recommendation   | Action, owner and deadline   |
|---|------|--|--|
| 5 | 2    | <p><b>Sequence of decision making</b></p> <p>The first evidence that the Council considered and received alternatives to commercial leasing of Burchatts Farm Barn was in the Summary Property Report presented to Councillors in October 2019. As the lease had been offered to a potential tenant in 2018, consideration of the alternatives to commercial leasing included potential adverse consequences for the Council if it withdrew from the arrangement.</p> <p>We recommend that the Council formalises stages for considering and presenting alternatives as part of the decision making process. The alternatives should be formally presented at the appropriate point in the governance structure before any decision is made.</p> | <p><b>Partially agreed</b></p> <p>The summary property report presented to PRG and CMT in January 2017 did contain other options but were discounted and a decision was made to market the property for best consideration. In the period between 2014 and 2017 in the run up to the Jan 2017 report the Parks team had held multiple discussions with a particular Rugby Club which uses stoke park about potentially the club leasing the barn as club house. An update on these discussion was provided at intermittent intervals to the PRG and is documented briefly in PRG minutes. Other options such as leasing the barn to the Girl Guides were also considered in the Jan 2017 property report. However, it is accepted that discussions were held with specific users and groups with a view to finding a community tenant 'off market' rather than widely marketing the property to all community organisations and residents groups. The review carried out in October 2019 was after the May 2019 Election and was undertaken due to a change in political control at the Council. The Council has recently introduced a Project and Programme Governance Framework which includes a requirement to review and document an options appraisal for each project.</p> <p>Action to be taken: That the Council uses its new Project and Governance Framework to help document decisions around disposal and leasing of assets. We will include this requirement in the new disposal policy.</p> <p>Director of Strategic Services</p> <p>Deadline: 31 March 2022</p> |

Section two

# Recommendations (cont.)

| # | Risk | Recommendation   | Action, owner and deadline  |
|---|------|--|---|
| 6 | 2    | <p><b>Scorecard for selecting lessees</b></p> <p>In the case of Burchatts Barn Farm, bids were rejected in 2018 for reasons that were inconsistent with the selection of the doctor's surgery in 2017 (e.g. repurposing residential unit, high car parking needs, conditional FRI lease). There is confusion among residents and businesses who made unsuccessful bids for the lease about why it was awarded to the current tenant, and there is a lack of clarity about the extent to which community value was considered by the Council. There is a need to increase the transparency of the tender process to demonstrate robust governance in Council decision making.</p> <p>We recommend that the Council formalises a system for assessing bids against set criteria, for example through a scorecard system, to increase consistency, transparency and repeatability of decision making.</p> | <p><b>Agreed</b></p> <p>Action to be taken: Officer to introduce a balanced scorecard approach to evaluation of bids received when leasing properties. The balance scorecard will be presented to PRG which will discuss the evaluation before recommending a decision to the Officer / Lead Councillor responsible</p> <p>Director of Strategic Services</p> <p>Deadline: 31 March 2021</p>  |
| 7 | 2    | <p><b>Completeness of meeting records</b></p> <p>We reviewed minutes of the Property Review Group and were unable to establish if, how and when key decisions were made in the case of Burchatts Farm Barn.</p> <p>We recommend that the Property Review Group minutes should include more detail when decisions are made, and that minutes are reviewed by the chair after the meeting for accuracy.</p>  | <p><b>Agreed</b></p> <p>NOTE: PRG is not decision making. Its function is to recommend a course of action to the Executive, or Officer or Lead Councillor taking the decision. PRG minutes are already reviewed by the chair and also by the group at the following meeting.</p> <p>Action to be taken: PRG minutes to include clear recommendations to the relevant decision making person or body.</p> <p>Head of Asset Management</p> <p>Deadline: 31 March 2021</p> |
| 8 | 3    | <p><b>Asset Management Strategy and Framework</b></p> <p>The Council created an Asset Management Strategy and Framework in 2014 that was approved by the Executive in January 2015, but the document has not been formally reviewed or updated since.</p> <p>We recommend that the Council reviews and revises the policy, circulates it to relevant staff, and sets regular review dates for the future.</p>  | <p><b>Agreed</b></p> <p>This work stream is already planned into the Asset Management Service Plan.</p> <p>Action to be taken: Review of Asset Management Framework to be undertaken.</p> <p>Head of Asset Management</p> <p>Deadline: 31 March 2022</p>  |



Section two

# Recommendations (cont.)

| # | Risk | Recommendation  | Action, owner and deadline  |
|---|------|---|---|
| 9 | 3    | <p><b>Awareness of process for nominating assets with community value</b></p> <p>Under the Assets of Community Value (England) Regulations 2012, local voluntary or community groups can nominate land or buildings as Asset of Community Value (ACV). The Council decides whether the nominated asset meets the requirements to be listed as an ACV. Disposals of ACVs are subject to Community Right to Bid rules which includes the duty to notify the voluntary or community group.</p> <p>We recommend that the Council creates a formal policy for the creation of ACVs and makes this available on the website to increase awareness of the process.</p> | <p><b>Partially agreed</b></p> <p>Guidance for the creation of ACV's and who can make nominations is already included on the Council's website under the 'Transparency' pages, however this could be better promoted and communicated to residents groups as in practice we have received very few nominations since the regulations were introduced. It is important to note that the Council cannot nominate its own assets as ACV's, the nomination has to come from a community group or organisation. The Council is responsible for determining whether nominations made are valid and will then make a designation.</p> <p>Action to be taken: Promotion of the ACV regs and guidance to be carried out and local community groups, residents organisations and parish councils to be made aware.</p> <p>Director of Strategic services</p> <p>Deadline: 31 March 2021</p> |



Appendix one  
Compliance

We held discussions with management to determine the processes and associated controls for the disposal of community assets. There are no consistent procedures, policies or governance structures in place (**Recommendation Two**). As such, we have been unable to test the design of such controls per Objective One of this review.

Through discussions with the Property & Asset Manager, a review of relevant documentation and further research, we have determined the project timeline for the disposal of Burchatts Farm Barn. We have evaluated the effectiveness of the Council's governance and operations with regards to the disposal of community assets, and provided commentary to inform our recommendations.

| Project timeline  | KPMG commentary  |
|---|--|
| <p><b>January 2014</b></p> <ul style="list-style-type: none"> <li>The Lead Councillor for Asset Management sets a strategic priority to improve the return of assets.</li> <li>The Property Review Group identifies assets that were not making a return.</li> <li>The Property &amp; Asset Manager appoints commercial real estate agency Owen Shipp to quote for the work to market Burchatts Barn Farm and produce a preliminary market report.</li> </ul> | <ul style="list-style-type: none"> <li>The Council has not been able to provide documentation from the Executive or the Property Review Group to evidence the original decision to approach the commercial real estate agency in 2014 (<b>Recommendation Seven</b>).</li> <li>✓ The Council appointed a commercial real estate agency with local market knowledge to produce a market report for the asset.</li> </ul>   |
| <p><b>March 2017</b></p> <ul style="list-style-type: none"> <li>Burchatts Farm Barn closes for public hire.</li> <li>The Council issues a press release announcing that expressions of interest for the lease are being invited to Owen Shipp.</li> <li>Owen Shipp markets Burchatts Farm Barn on their website for six weeks and formal written expressions of interest are invited.</li> </ul>  | <ul style="list-style-type: none"> <li>Almost three years passed between the market report and the marketing of the property, during which time market conditions changed. A new market report was not commissioned.</li> <li>The Council has not been able to provide documentation from the Executive or the Property Review Group to evidence the decisions to stop taking booking for public hire, and to instruct the commercial real estate agency to market the property in 2017 (<b>Recommendation Seven</b>).</li> </ul>                          |
| <p><b>May / June 2017</b></p> <ul style="list-style-type: none"> <li>Owen Shipp provide a Schedule of Expression of Interest detailing twelve interested parties.</li> <li>The Council decided that the preferred option is to proceed with the offer from the doctor's surgery.</li> </ul>   | <ul style="list-style-type: none"> <li>The Council notified the community that the asset was closing for public hire at the same time that the lease was marketed with the estate agency. There was no opportunity for the community to put forward non-commercial alternatives before the property was commercially marketed (<b>Recommendation Three</b>).</li> </ul>  |
| <p><b>August 2017</b></p> <p>The Council's Director of Environment and the Parks &amp; Landscape Manager submit a Bid for Funding to the Chief Finance Officer.</p>   | <ul style="list-style-type: none"> <li>The Council did not offer an information pack, criteria or guidance to businesses submitting expressions of interest detailing factors that would be considered in determining selection of the lessee (<b>Recommendation Six</b>).</li> <li>✓ The Bid for Funding included relevant financial information and consideration of risks, legal requirements, local issues and the impact on the environment and community, and was approved by the Budget Council before an Agreement to Lease was signed.</li> </ul> |
| <p><b>November 2017</b></p> <p>The Executive recommend that the Council approves the growth and savings bids including the Bid for Funding for the leasing of Burchatts Farm Barn.</p>  | <ul style="list-style-type: none"> <li>The income and cost information in the Bid for Funding includes recharges and allocated costs (<b>Recommendation Four</b>).</li> </ul>  |
| <p><b>February 2018</b></p> <p>The Budget Council approve the budget which includes the Bid for Funding for the leasing of Burchatts Farm Barn.</p>   |  |

Appendix one

# Compliance (cont.)

## Project timeline (cont.)

### September 2018

- The doctor's surgery renege on their offer due to NHS funding complications.
- Owen Shipp markets Burchatts Farm Barn for six weeks on their website and formal written expressions of interest are invited again.

### October/November 2018

- Owen Shipp provide a Schedule of Expression of Interest detailing another nine interested parties.
- The Property Review Group decide that the preferred option is to proceed with the offer from the chiropractor.

### December 2018

The Property & Asset Manager produces a briefing note for the Executive explaining the decision to offer the lease of Burchatts Farm Barn to the chiropractor.

### January 2019

- The Council posted an advert in local paper The Surrey Advertiser notifying the community that they intended to dispose of open space under Local Government Act 1972. The advert ran for two weeks, no objections were received.
- Guildford Chiropractic Centre submit a planning application to the Council to change the use from D2 (assembly and leisure) to D1 (non-residential institution) and internal alterations.

### February 2019

In a meeting of the Council, a Councillor questions the Lead Councillor for Finance and Asset Management on the propriety of leasing Burchatts Farm Barn to Guildford Chiropractic Centre.

### March 2019

Guildford Chiropractic Centre's planning application is refused following objections from 3 amenity groups/residents associations, 86 letters of objection and 44 letters in support.

## KPMG commentary (cont.)

- The Council has not been able to provide documentation from the Property Review Group to evidence the decision to offer the lease to the doctors' surgery in 2017 (**Recommendation Seven**).
- Bids were rejected in 2018 for reasons that were inconsistent with the selection of the doctor's surgery in 2017 (e.g. repurposing residential unit, high car parking needs, conditional FRI lease (**Recommendation Six**)).
- The Council has not been able to provide documentation from the Property Review Group to evidence the decision to offer the lease to the chiropractic clinic (**Recommendation Seven**).
- The Council has not been able to provide documentation to evidence that Councillors discussed or responded to the briefing note (**Recommendation Seven**).
- ✓ The Council discharged its legal responsibility by notifying the community of the proposed disposal.
- The Council notified the community that they intended to dispose of an Open Space through a small advert via one channel. The notice was not posted on display boards or social media, and no contact was made with regular hirers, immediate neighbours, residents' associations or local groups. Only a small subset of the community had an opportunity to notify the Council of valid objections (**Recommendation Three**).
- We acknowledge that the members of the Council changed following the May 2019 election and that this may have had some bearing on the process.

Appendix one

# Compliance (cont.)

**Project timeline (cont.)**

**October 2019**  
The Property Surveyor and Property & Asset Manager produce a Summary Property Report options note on the future of Burchatts Farm Barn:

- Option 1 – proceed with 10-year lease to Guildford Chiropractic Centre
- Option 2 – offer the building as a private hire venue again
- Option 3 – investigate alternative management structures/ownership such as a charitable trust

The Property Review Group decide to proceed with Option 1 subject to a successful planning appeal.

**January 2020**  
Guildford Chiropractic Centre’s appeal of the original planning application refusal is successful.

**June 2020**  
Agreement to Lease signed with Guildford Chiropractic Centre contingent on completion of Landlord’s Works.

**August 2020**  
Landlord Works completed and Guildford Chiropractic Centre sign lease.

- KPMG commentary (cont.)**
- The Summary Property Report included a income and expenditure summary for the three preceding years. It erroneously included income and expenditure for Burchatts Farm Cottages, which are separate assets that should not have been considered in the decision on the future of the Barn (**Recommendation Four**).
  - The first evidence that the Council considered alternatives to commercial leasing of the property was in the Summary Property Report presented to Councillors in 2019. As the lease had already been offered to a potential tenant, potential reputational damage to the Council had to be considered if they withdrew from the arrangement in favour of an alternative to commercial leasing (**Recommendation Five**).
  - The Council has not been able to provide documentation to evidence that Councillors discussed or responded to the options note (**Recommendation Seven**).
  - The majority of objections to the chiropractic clinic's planning application took issue with the Council's selection of the lessee rather than the change to D1 use (**Recommendation Three**).
- ✓ The Council are confident that they received the best possible consideration for the lease.

**Summary of KPMG findings**

We identified a range of issues relating to the disposal of Burchatts Farm Barn:

- The options note was presented to Councillors after the lease had been offered to the chiropractic clinic, meaning potential reputational damage had to be considered if the Council withdrew from the arrangement in favour of an alternative to commercial leasing (**Recommendation Five**). The financial information included in key decision making documents was inaccurate (**Recommendation Four**), and the Council has not been able to provide documentation to evidence key decisions (**Recommendation Seven**).
- Residents raised objections about the choice of lessee at the planning application stage, when the lease had already been offered to the chiropractic clinic. If the Council had advertised the intention to dispose of the asset more widely, and had provided interested parties with the criteria for lessee selection, the process would have been more transparent and objections could have been addressed at a more appropriate time (**Recommendation Three**).
- The Council selected the bid that offered the highest consideration, but the Council did not offer an information pack, criteria or guidance to businesses submitting expressions of interest detailing factors that would be considered in determining selection of the lessee (**Recommendation Six**). We note that the Council have recently introduced a new procedure for assessing less than best consideration disposals where a minimum of market rent has been offered.

We have raised recommendations to improve the governance, accuracy and transparency of decisions relating to the disposal of assets.

## Appendix two

# Learning

### Lessons learned

Below we set out the lessons which could be learned by the Council in advance of embarking on future change of use projects or disposals of community assets. We have grouped these into themes.

#### *Governance*

It was noted that the financial figures referred to in the publicly-available Bid For Funding included unexpectedly high annual costs of £40-70k for the running of Burchatts Farm Barn. The Bid for Funding was not sufficiently specific in showing what these costs relate to and substantiating the financial saving claims made. We have reviewed a breakdown of the annual running costs from 2015/16 to 2017/18 but the Council have been unable to provide further information to evidence what various line items relate to (**Recommendation Four**).

Residents provided other examples of local buildings that potential held community, historic or heritage value that had been proposed for closure or repurposing by the Council in the last five years. Residents are not clear on asset management strategies, and as such there is concern that there is a lack of consistency and transparency between the process and treatment of assets (**Recommendations One and Eight**).

#### *Design*

Local residents and community groups made suggestions about alternative management structures for Burchatts Farm Barn, including holding it in a charitable trust on a long lease. These alternatives were considered after the lease had been offered to a tenant, meaning the 'cons' list for this option included reputational damage to the Council for withdrawing from the current arrangement (**Recommendation Five**).

There was a bid by a number of local businesses and a community group at the advertised guide rent, and it appears that some of these groups were not clear that consideration was the primary factor to be considered by the Council. Some groups expected that value to the community or not needing to change the use of the building would be valued more in the selection process. Whilst we are aware that the Council has recently introduced a new procedure for assessing less than best consideration disposals where a minimum of market rent has been offered, there remains a need for the Council to show consistency and transparency and provide the criteria for selection to all interested parties (**Recommendation Five**).

#### *Value for money*

Per the Council's Asset Management Strategy and Framework that was approved by the Executive in January 2015, the Council should measure the benefit of continuing the current use of the community asset for its social value to the community and the current financial situation should be assessed against opportunity cost or market rent. This is a robust policy that, if brought back into operational practice, would address the concerns of many stakeholders who have recommended that the management of community and heritage assets should be separated from commercial assets so that they can be assessed for their community value as well as their ability to generate income (**Recommendations One and Eight**).

Residents and community groups did not feel consulted on the matter of Burchatts Farm Barn. The newspaper advert was not seen widely enough and as such residents felt there was no due process for them to suggest alternatives to commercial leasing or to object to the Council's plans. The lessee's planning application received 86 written objections, and it would be better if these objections could have been made directly to the Council at a more appropriate time and in a more appropriate forum. The Council should make use of more communication tools such as social media accounts and informing local residents' groups (**Recommendation Three**).

Appendix three

# Staff involvement and documents reviewed

We were in contact with the following individuals as part of the review:

| Name                     | Role   |
|--------------------------|--|
| Councillor Maddy Redpath | Holy Trinity Ward Councillor – Guildford Borough Council |
| Councillor Nigel Manning | Ash Vale Ward Councillor – Guildford Borough Council     |
| Joan Poole               | Head of Internal Audit – Guildford Borough Council       |
| Claire Morris            | Director of Resources – Guildford Borough Council        |
| Marieke van der Reijden  | Head of Asset Management – Guildford Borough Council     |
| Mark Appleton            | Property & Asset Manager – Guildford Borough Council     |
| Paul Stacey              | Parks & Landscape Manager – Guildford Borough Council    |
| Darren Burgess           | Building Surveyor Manager – Guildford Borough Council    |
| Gavin Morgan             | Founder and Chair – Guildford Heritage Forum             |

We distributed a questionnaire to 11 individuals whose contact details we were given with the agreement of the Council's Head of Internal Audit. The group included members of the public, current and former councillors and community group leaders. Relevant insights from this questionnaire were used solely in Appendix Two.

We reviewed the following documentation during our testing:

- Minutes and papers from meetings relating to decision making around Burchatts Farm Barn;
- Bid for Funding to support letting of Burchatts Farm Barn;
- Spreadsheet of cost monitoring performed prior to letting; and
- Evidence of marketing of property;
- Schedules of expressions of interest;
- Press releases relevant to Burchatts Farm Barn; and
- Lease and licence for the letting of Burchatts Farm Barn to the Guildford Chiropractic Centre.



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# Burchatts Farm Barn Terms of Reference

Guildford Borough Council  
Internal Audit 2019-20  
March 2020

### Purpose of these terms of reference

These terms of reference are provided pursuant to the terms of our engagement letter. The use of this document is solely for internal purposes and, pursuant to the terms of the engagement, it should not be copied or disclosed to any third party or otherwise quoted or referred to, in whole, in part, without our prior written consent.

### Objectives

The objectives of our work are:

| Objective  | Description of work to undertake  |
|--|---|
| <b>Objective One</b><br>Design of controls and associated governance | We will review the design of controls and governance around decision making related to the use of community assets at the Council. This will include: <ul style="list-style-type: none"> <li>• The preparation, scrutiny and approval of business cases;</li> <li>• Consideration of alternative options;</li> <li>• Mechanisms for stakeholder consultation and seeking agreement to proceed;</li> <li>• Process to review, monitor and report on costs;</li> <li>• Assessing, monitoring and reporting benefits realised; and</li> <li>• Processes followed to market identified properties.</li> </ul> |
| <b>Objective Two</b><br>Compliance                                   | We will review the available information for Burchatts Farm Barn to assess the level of compliance with Council policy and procedure as identified through Objective One above. This will include how change management controls operated when amendments relating to the use of the community asset were identified, reviewed and approved.  |
| <b>Objective Three</b><br>Learning                                   | Following review of available documentation we will consider whether there is learning for the Council which can be established and applied to other community assets going forward.  |

### Assistance required

We require assistance to deliver this review on time, in particular we need: prompt agreement of these terms of reference; staff required for interview to ensure their reasonable availability; and access to relevant records.

### Key contacts

In order to undertake this work we will require meetings with:

- Joan Poole – Head of Internal Audit
- Others - TBC

This list is not exhaustive and we may require additional meetings as our work progresses.

### Anticipated assurance

Management anticipates that this review will be given **significant assurance with minor improvement opportunities** assurance rating.

### Outputs

We will present our findings in a report. The report will be agreed with Joan Poole as the sponsor for this review, before it is presented to the Corporate Governance and Standards Committee for approval.



**Documentation request**

We provide below details of documentation we would like to review to support this review. This list is not exhaustive and if there are other documents that we feel would be useful to review we will request these whilst onsite. Similarly if you feel there are other documents that would assist us which are not listed please provide them.

- Minutes and papers from meetings relating to decision making around Burchatts Farm Barn;
- Business case to support use of Burchatts Farm Barn;
- Spreadsheet of cost monitoring performed; and
- Evidence of marketing of property.

**Timetable**

The timetable for this review is shown below:

| Due date (w/c)   | Task   | Responsibility |      |
|------------------|--|----------------|------|
|                  |  | Council        | KPMG |
| 27/02/2020       | Prepare and agree terms of reference                         | ✓              | ✓    |
| <b>Fieldwork</b> |  |                |      |
| 23/03/2020       | Start fieldwork  | ✓              | ✓    |
| 30/03/2020       | Complete fieldwork   |                | ✓    |
| 30/03/2020       | Closure meeting  | ✓              | ✓    |
| <b>Reporting</b> |  |                |      |
| 06/04/2020       | Issue draft report   |                | ✓    |
| 20/04/2020       | Provide management responses                                 | ✓              |      |
| 20/04/2020       | Final report issued  |                | ✓    |
| June 2020        | Presentation to Corporate Governance and Standards Committee |                | ✓    |



This terms of reference is provided pursuant to the terms of our engagement letter dated 12 April 2018. Nothing in this report constitutes a valuation or legal advice. 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 terms of reference is for the sole benefit of Guildford Borough Council.

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## Summary Property Report regarding proposed future use of Burchatts Farm Barn and Flat, London Road, Guildford GU1 1TU

Author: Paul Stacey  
Telephone extension: 4720  
Lead Councillor: Councillor Richard Billington

### 1.0 Property Location and Description

#### 1.1 Location

The premises are situated at the Northeast end of Stoke Park, Guildford, close to the junction between Parkway and London Road. Guildford town centre is about 1 mile away and there is easy access onto the A3 at Guildford (also about 1 mile), or at Burpham.

The property is situated next to sports changing pavilions for Stoke Park playing fields, and the Disability Challengers Charity building.

Generally, the premises are only accessible by road, with rail stations being at least one mile away.

#### 1.2 Description

The property consists of a barn and attached flat. The current facility comprises an open barn area with kitchen and toilet facilities. The first floor flat has a separate entrance at ground level, previously used as the caretaker's accommodation, but now let on a short-term tenancy.

**The barn** is Grade II Listed and dates from 1740. It was restored by the Council in 1989, and is now used for events hire, such as weddings. The barn is timber framed on brick plinth walls and has brick infill panelling which is exposed internally. Externally the building is clad in timber weatherboarding. The roof is plain clay tiled, extending in a catslide at the front.

The open usable space extends to some 1,484 square feet. Outside the building to the rear is a small garden area with extensive views over Stoke Park. To the front is a dedicated parking area sufficient to accommodate 5 cars, although ancillary parking is available within the vicinity.

**The flat** dates from the 18th Century, possibly with an earlier core, and is separately listed. There are two distinct phases of construction, with a vertical joint between the two parts of the building. The two-storey construction consists of red brick in Flemish bond with blue brick headers and a plain clay tiled roof matching the barn.

### 2.0 Condition

2.1 Both the barn and flat were found to be in generally good structural condition when last inspected by Paul Tanner Associates in 2014.

- 2.2 The barn is in use as an event facility, having been restored in 1989. However, the building has a number of issues relating to gradual deterioration and general wear, identified in Paul Tanner Associates' report (appended to this report).
- 2.3 The flat was being refurbished internally at the time of inspection in 2014 in preparation for new occupancy. Again, the flat has a number of issues relating to gradual deterioration and general wear, identified in Paul Tanner Associates' report.

### **3.0 Historic and current use**

- 3.1 The barn and flat are managed by Council's Parks and Leisure Services as an integral part of Stoke Park, let for a range of community uses and events that fall into the planning use class categories of D1 (non-residential institution) and D2 (assembly and leisure). The Service has stopped taking any bookings beyond 31 March 2017.
- 3.2 The Council and its various associated groups and organisations have used the facility to hold meetings, especially when space at Millmead has not been available. However, since the refurbishment of Millmead and the consequential increase in the number and quality of meeting rooms on site, there has been a steep fall in demand to use Burchatts Farm Barn.
- 3.3 The barn has a seating capacity of 90, which can be configured in a variety of ways for different purposes. The five associated car parking spaces to the front of the building as well as a range of other free parking opportunities managed on a 'first come first served' basis is an attraction for the site which is not well served by public transport. The on-site caretaker historically lived in the flat. When the last caretaker vacated in 2013, a decision was taken by the service not to recruit to replace due to the economic unviability of the venue.

### **4.0 Legal Title**

- 4.1 Burchatts Farm Barn & Flat together with the associated Stoke Park is in the freehold ownership of the Council.

### **5.0 Planning context and planning history**

- 5.1 Burchatts Farm Barn & Flat usage in recent years corresponds to Planning use class designations D1 and D2, with the facility used for meetings, social events, weddings, funeral receptions, as well as an extension to the meetings facilities of the Council.

### **6.0 Letting history**

- 6.1 The upper floor self-contained flat is currently tenanted achieving a rental of £900 per calendar month, equating to £10,800 per annum. The barn and its associated facilities are used for a range of events let on hire-only basis.

### **7.0 Estimated market rent**

- 7.1 The property agent, Owen Shipp, estimated a rental figure in 2014 of between £18 and £20 per square foot, with a quoting rental of £29,000 per annum for the barn. There may be a requirement for an incentive rent-free period depending on the use and length of the lease. Asset Development officers recommend a new rental figure be sought.

### **8.0 Alternative uses**

- 8.1 Owen Shipp proposed the following alternative uses in 2014:

- 8.2 *"The property and location could be attractive for a variety of uses. Some of these uses will be more viable than others considering the distance from the town. Although there is a bus stop opposite the property, most occupiers or visitors to the property would probably drive. With parking limited to 5, if staff numbers exceeded this number then parking would potentially be available at Spectrum park-and-ride or along London Road. Short term or evening visitors would generally look to park on-site.*
- 8.3 *The office market is showing good signs of recovery and I would be quite optimistic that we would find an office tenant for the property.*
- 8.4 *A restaurant could be popular and the premises are well set-up for this use. However, the size is a limiting factor as most corporate operators would require significantly more seating space. Additional seating could be available in the garden in good weather. This would therefore be more likely to appeal to smaller independent restaurateurs. Parking for customers could become problematic particularly at lunchtimes at the weekend when the parking is well used by sports clubs using the Stoke Park playing fields.*
- 8.5 *I believe there would be good demand from D1 (non-residential institution) Use which could include medical use, children's nurseries, church halls, educational uses or other community uses or D2 (Assembly and Leisure) such as theatres, dance, music, yoga classes etc. Again, because of the size, most demand is likely to be from smaller independent businesses.*
- 8.6 *Recent demand has shown the highest demand from children's nurseries, church meeting rooms, yoga/pilates studios, restaurants and more recently offices. There are other children's nurseries nearby but the population in the area is probably sufficient to support another child care business. The building does not have a presence on the main road which is quite important for some businesses like nurseries but it is very visible from Stoke Park and could generate a good market from young families using the park facility.*
- 8.7 *I believe there would be good demand for a yoga/pilates studio. However, these businesses are often run by small one-person independent businesses and in my opinion many would find it difficult to sustain these premises unless as a collaboration of small practices.*
- 8.8 *On balance, I consider the best uses for the premises to be either D1 or B1 (office) use or possibly a restaurant. Perhaps the D1 Use would be a "better fit" because of the location and surrounding uses. A children's nursery would generate traffic at peak times but would be unlikely to cause parking problems. A church meeting hall could provoke parking problems at peak times.*
- 8.9 *The Parks & Countryside Service will no doubt have a view on which type of use (this would include comment on selling at less than best consideration - which includes lettings over 7 years)."*
- 8.10 *Parks and Leisure Officers recommend that any alternative use must be complimentary to Stoke Park and let the barn and flat as one package.*
- 9.0 Financial budget in recent years**
- 9.1 *The current scale of the losses in recent years is set out below:*

Agenda item number: 6

Appendix 3

| Account description           | 2013-14       | 2014-15       | 2015-16       | 2016-17       |
|-------------------------------|---------------|---------------|---------------|---------------|
| EMPLOYEE RELATED EXPENDITURE  | 35,758        | 6,916         | 3,626         | 3,238         |
| PREMISES RELATED EXPENDITURE  | 13,745        | 24,132        | 49,052        | 18,040        |
| SUPPLIES AND SERVICES         | 3,616         | 9,548         | 4,236         | 2,648         |
| SUPPORT SERVICES              | 3,183         | 3,916         | 10,199        | 4,565         |
| TRANSPORT RELATED EXPENDITURE | 0             | 64            | 64            | 43            |
| INCOME                        | -26,413       | -21,341       | -4,746        | -10,595       |
| <b>OPERATING TOTAL</b>        | <b>29,889</b> | <b>23,236</b> | <b>62,432</b> | <b>17,940</b> |
| IAS19 (SUPERANN) ADJUSTMENT   | 1,842         | 204           | 363           | 0             |
| CAPITAL FINANCING COSTS       | 6,720         | 6,720         | 6,720         | 6,160         |
| <b>LEDGER TOTAL</b>           | <b>38,451</b> | <b>30,160</b> | <b>69,515</b> | <b>24,100</b> |

The figures include capital charges and the IAS19 adjustment (pension accounting adjustment) which generally are excluded when making operational decisions. Similarly, support service charges are indirect costs which the organisation would incur whether the Council ran the facility or not.

Expenditure in 2015-16 was higher due to repairs and maintenance works including; moss clearance, chimney and porch repairs, damp remedying, and decorating.

9.2 There are three main options:

- 9.2.1 **Maintain the status quo.** This involves continuing to manage the building by Parks and Leisure Services as an adjunct to Stoke Park. This seems the least attractive option as the current losses of £30-£70,000 per annum would be sustained into the future.
- 9.2.2 **Keep the facility for Council use.** This would involve recognising the historic interest in the building as being of paramount importance, and regard the facility as a further additional meeting space available to the Council primarily for its own purposes. The operational control would need to be transferred to Heritage Services as part of their service as Parks and Leisure is not resourced to manage the premises effectively as a core business.
- 9.2.3 **Lease the facility to an external user.** This could either be to an existing tenant wishing to relocate, or to a private sector tenant. Among the existing Council tenants, the Girl Guides currently occupy a Council owned site on Nightingale Road that might have a strategic value to the Council in the redevelopment of the Stoke Park Offices and associated facilities. The Girl Guides hold a 15-year lease from March 2012, but this can be terminated with six months' notice.

### 9.3 Risk, Restrictions and Opportunities

There are a number of risks, restrictions and opportunities considered in arriving at a recommendation on the future of the barn and flat:

- 9.3.1 The heating is poor in the building, with half of the building heated by underfloor heating, the remainder with storage heaters. The building is not particularly airtight making it draughty and cold. Any new tenant will have to resolve this.
- 9.3.2 As an historic grade II listed building the chances of achieving a full repairing and insuring lease may be reduced or a lower level of rental

income may be more realistic should an incoming tenant have to develop the facility to meet their needs.

- 9.3.3 The parking provision around the facility is unregulated and unattractive and may deter prospective tenants. This will require the Council to invest to improve parking and vehicular/pedestrian movement and safety this area (which is required regardless of use).
  - 9.3.4 For restaurant use, a destination restaurant would suit the site better than a café style operation because of the lack of parking and immediate footfall, although the space is insufficient for the necessary number of covers a destination restaurant would want. The kitchen would need a refit to meet commercial catering standards. The practical heating and draughts issues would need resolving by a prospective tenant. For these reasons, Parks and Leisure officers do not support the use of the barn as a café or restaurant.
  - 9.3.5 Officers do not recommend a residential conversion because of the impact of the adjoining facilities and how the park may develop over time. This would generate significant conflict and is not be complimentary to other uses and the length of some of the tenancies, for example Disability Challengers.
  - 9.3.6 Officers do not recommend use of the building for social enterprise as the Council is likely to remain liable for expensive maintenance costs of the premises and required up-front conversion costs.
  - 9.3.7 Another potential use of the property is D1 medical use. This category of use is in small supply and is a business that could generate adequate cash flows and achieve a market rent for the property.
- 9.4 Officers recommend the Council employs an agent to market the property to see what interest there is across the D1 and D2 sectors and whether an appropriate tenant can be identified. Councillor Billington is in support of this proposal. If CMT approve this approach, Parks and Leisure officers will present the proposal to the Property Review Group at its December meeting, with a view to marketing the premises in the New Year, possibly with a view to letting the building in Spring 2017.

## **10.0 Conclusion**

- 10.1 The best advantage to the Council, including financial advantage, is to lease the facility to an external user, either an existing or new tenant, at market rent following a process of marketing the premises.

## **11.0 Recommendation**

### **11.1 It is recommended that:**

- 1. Asset Development officers approach the Girl Guides about their current tenancy at Nightingale Road and whether they would consider a relocation to Burchatts Farm Barn,**
- 2. Asset Development officers arrange a market testing exercise in order to seek expressions of interest for a private sector tenant to lease Burchatts Farm Barn and Flat in the event of the Girl Guides tenancy not materialising,**
- 3. Parks and Leisure officers put plans in place to renovate and regulate the car park area at this end of the park.**

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Corporate Governance and Standards Committee Report

Ward(s) affected: All

Report of Director of Resources

Author: Claire Morris

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Lead Councillor responsible: Tim Anderson

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Date: 25 March 2021

## **Internal Audit progress report and Head of Internal Audit Opinion 2020-21**

### **Executive Summary**

An Internal Audit progress report including the Head of Internal Audit Opinion for 2020-21 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 January to 31 March 2021 and note the recommendations arising from the governance reports and the Head of Internal Audit Opinion.

#### Reason 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 completed since the last meeting.

### **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 outsourced internal audit manager for the three financial years 2020-21, 2021-22 and 2022-23. A copy of their audit report for the period 1 January to 31 March 2021 is attached as Appendix 1.

**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.

**8. Background Papers**

None

**9. Appendices**

Appendix 1: Internal Audit progress report



# Progress Report

Guildford Borough Council  
Internal Audit 2020-21

25 March 2021

# Internal Audit Progress Report – March 2021

**Since the last meeting of the Corporate Governance and Standards Committee on 14 January 2021 we have...**

- Finalised our reports on Income and Accounts Receivable, Expenditure and Accounts Payable, Performance Monitoring, Local Risk Management and 2019/20 Follow Up;
- Agreed with Management to defer our Capital Management and Key Learnings from COVID-19 reviews into 2021/22;
- Prepared our 2020/21 Head of Internal Audit Opinion (see section three);
- Drafted our 2021/22 internal audit plan (attached); and
- Commenced scoping of our planned 2021/22 HRA Right to Buy Receipts review.

**Ahead of the next meeting of the Corporate Governance and Standards Committee on 22 April 2021 we will...**

- Finalise our Commence our 2021/22 HRA Right to Buy Receipts review;
- Commence scoping of our 2021/22 Financial Controls reviews including Capital management, Income and Accounts Receivable and Expenditure and Accounts Payable.

**Status of our 2020/21 internal audit programme**

| #                      | Review                         | CGSC          | Assurance rating given                                     | Status              |
|------------------------|--------------------------------|---------------|--|---------------------|
| <b>2020/21 reviews</b> |                                |               |  |                     |
| 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   | March 2021    | Partial assurance with improvements required               | Complete            |
| 4                      | Expenditure & accounts payable | March 2021    | Partial assurance with improvements required               | Complete            |
| 5-7                    | Performance Monitoring: KPIs   | March 2021    | Partial assurance with improvements required               | Complete            |
| 8                      | Local Risk Management          | March 2021    | Partial assurance with improvements required               | Complete            |
| 9                      | Capital Management             | Deferred      | N/A  | Deferred to 2021/22 |
| 10                     | Follow up Reviews              | March 2021    | N/A  | Complete            |
| 11                     | Key Learnings from Covid-19    | Deferred      | N/A  | Deferred to 2021/22 |

Section Two

# Summary of reviews - March 2021

Summary of completed reviews:

| Income & accounts receivable | Recommendations |        |     |
|------------------------------|-----------------|--------|-----|
|                              | High            | Medium | Low |
|                              | 1               | 0      | 0   |

Summary of key findings

We reviewed the operation of income and debtor processes at Guildford Borough Council (“the Council”) and provide partial assurance with improvements required ’ (amber red). This is in line with management’s expectations. This year has brought many challenges as a result of COVID-19 which has caused constraints on normal operations. The systems used by the accounts receivable team were updated from Selima to Business World in August 2020. We acknowledge the challenges that system migrations bring, however, there were difficulties in obtaining basic listings such as aged debtors and trade receivables as at the end of August 2020. Through discussions with relevant personnel, we confirmed that debt collection procedures had not been followed since lockdown began in March 2020. In light of the pandemic the Council has made a conscious decision around debt collection resulting in debts not being chased. Debts had not been monitored and reported regularly and the outstanding debtors balance has continued to grow with unresolved month on month discrepancies. We selected a sample of 25 income items to test whether invoices had been authorised prior to being sent to customers and to see that income received had been matched to invoices. For controls 1-3 in the process (see appendix one for details), around the use of debtors input forms which have segregation of duties between the individuals preparing and authorising, the Council could not provide appropriate evidence (specific to the operation of these controls) for 16 out of our sample of 25. For controls 4 and 5, around the production and circulation of daily suspense reports and monthly reconciliations, the Council did not provide us with any supporting evidence for our samples. We received an aged debtors listing as at the end of July 2020 and selected the top ten customers with the greatest outstanding balances to determine if debt collection procedures had been followed. These include templated debt collection letters sent after a set number of days as defined by the Council’s policy. The Council provided us with the supporting evidence for this sample to show that controls 6 and 7 were in operation for 8 out of 10 of our sample. For two of our sample, the Council informed us in March 2021 that these had been paid by July 2020 and therefore should not have been included on the aged debtors report to July 2020. The Council was unable to provide aged debtors listings for August 2020 due to technical difficulties with Business World. We note that these debt collection processes were picked up around September 2020 since the pause in March 2020 due to COVID pressures. We selected a sample of write offs to assess whether approval had been given by an individual with appropriate authority to approve the writing off of the debt in accordance with the scheme of delegation. The Council was able to evidence appropriate approvals of all of these write offs.

Due to the implementation of Business World and the compounding difficulties that have arisen due to the Covid-19 pandemic, there has been difficulty accessing the required documentation to facilitate completion of our compliance testing and our review has broadly been limited to reviewing the design of controls. Financial records with relevant supporting evidence must be available to demonstrate that the Council have maintained a robust control environment. We agreed with management that these review areas will be revisited in our 2021/22 audit plan to complete compliance testing in these areas. Implementation of Business World coupled with COVID has impacted the availability of the required documentation. Documentation provided against our debtors sample, including invoices, contracts, rent agreements, payment schedules etc. do not provide evidence of the required segregation of duties control. As such our review has effectively been limited to assessing the design of the control environment. Financial records with relevant supporting evidence must be available to demonstrate that the Council has maintained a robust control environment at all times. We recommend that the Council investigates the issues arising with access to and retention of the required evidence. We have agreed with Management that this review will be revisited in 2021/22 to complete compliance testing of the controls in operation.



# Summary of reviews - March 2021

| Expenditure and Creditors | Recommendations |        |     |
|---------------------------|-----------------|--------|-----|
|                           | High            | Medium | Low |
|                           | 1               | 0      | 0   |

## Summary of key findings

We reviewed the operation of expenditure and creditor processes at Guildford Borough Council (“the Council”) and provide partial assurance with improvements required’ (amber red). This is in line with management’s expectations. This year has brought many challenges as a result of COVID-19 which has caused constraints on normal operations. The systems used by the accounts payable team were updated from Selima to Business World in August 2020. We acknowledge the challenges that system migrations bring, however, this presented difficulties in obtaining listings which were foreseen by Management.

The process around raising purchase invoices is in a state of transition due to the implementation of the new system, Business World, which went live for accounts payable in August 2020. We tested the design and operating effectiveness of controls before and after the transition. We found the new process to be well-designed and as such addressed weaknesses in old processes, for example, the lack of a three-way match and the need to raise and authorise payments requisitions. The Council is implementing a ‘no purchase order, no pay’ policy which should further strengthen the control environment and facilitate more accurate budget monitoring.

We found for controls 1 and 2 (see appendix one for details) around the segregation of duties of inputting and approving invoices in the workflow, we were able to evidence controls operating effectively for all of our sample of 20. The Council was unable to provide listings from August 2020 onwards due to issues with the transition to Business World.

We identified issues with the availability of evidence to support the operation of controls in line with their design, as outlined in appendix one. For controls 3, 4 and 5, the Council could not provide any evidence of the operation of the controls for all of our sample of 20. For the controls 6, 7 and 8 (those identified in the process of payment runs) the Council was unable to provide a listing of these covering the entire period to August 2020, including those within Business World, hence we have not been able to select samples for testing. For controls 9, 10 and 11, we selected a sample of one-off payments for the period. The Council was unable to provide supporting evidence for our sample. For controls 12 and 13, around the setting up of new suppliers, the Council was only able to evidence control 13 for 23 of our sample of 25 and it could not evidence the operation of control 12 for any of our samples.

Implementation of Business World coupled with COVID has impacted the availability of the required documentation. As such our review has effectively been limited to assessing the design of the control environment. Financial records with relevant supporting evidence must be available to demonstrate that the Council has maintained a robust control environment at all times. We recommend that the Council investigates the issues arising with access to and retention of the required evidence. We have agreed with Management that this review will be revisited in 2021/22 to complete compliance testing of the controls in operation.

Section Two

# Summary of reviews – March 2021

| Follow up reviews  | Recommendations |        |     |
|--|-----------------|--------|-----|
|  | High            | Medium | Low |
|  | N/A             |        |     |
| <b>Summary of key findings</b>   |                 |        |     |
| <p>We reviewed all accepted recommendations in our 2019/20 reviews of Housing Benefits (HB), Voids and Lettings, Neighbourhood and Housing Management Services (NHMS) and Budget Monitoring. Of a total of 22 recommendations, 11 recommendations (50%) are implemented, 3 recommendations (14%) are partially implemented and 8 recommendations (36%) had not yet been implemented. A breakdown against the four individual reviews is set out below:</p>   |                 |        |     |
| <p><b>Housing Benefits:</b> This amber green rated report included one medium and two low priority agreed recommendations. One has implemented, but two including the medium priority recommendation have not been completed.</p> <p>Medium priority: one (not implemented)</p> <p>Low priority: two (one implemented, one not implemented)</p>  |                 |        |     |
| <p><b>Lettings and Voids:</b> This review within the community services directorate received an amber red rating. This was primarily driven by ineffective communication and monitoring between the re-housing and property maintenance teams and a lack of minimum standards for void works. We raised a total of 11 recommendations: two high; eight medium; and one low priority, all of which were accepted by management. Five are implemented, two are partially implemented, and four are not implemented.</p> <p>High priority: two (one implemented, one partially implemented)</p> <p>Medium priority: eight (four implemented, one partially implemented, three not implemented)</p> <p>Low priority: one (not implemented)</p> |                 |        |     |
| <p><b>NHMS:</b> This amber green rated report included three medium and one low priority recommendation. All four recommendations were accepted by management. This review has identified that two have been implemented, one partially implemented and one not implemented.</p> <p>Medium priority: three (one implemented, one partially implemented, one not implemented)</p> <p>Low priority: one (implemented)</p>  |                 |        |     |
| <p><b>Budget Monitoring:</b> This amber green rated report included two medium priority and two low priority recommendations, all four recommendations were accepted by management. This review has identified that three are implemented and one has not been not implemented.</p> <p>Medium priority: two (two implemented)</p> <p>Low priority: two (one implemented, two not implemented)</p>  |                 |        |     |

# Summary of reviews - March 2021

| Local risk management | Recommendations |        |     |
|-----------------------|-----------------|--------|-----|
|                       | High            | Medium | Low |
|                       | 2               | 4      | 2   |

## Summary of key findings

We reviewed processes and controls over risk management and provided 'partial assurance with improvements required' (**amber red**), in line with Management's forecast. Our rating is driven by inconsistencies in the Council-wide risk approach including the use of local risk registers and the escalation and governance of local risk within the wider risk management framework.

The Council has designed a new risk management framework, but this is not yet implemented at the time of this review. As set out within the Strategy and Communications Service Plan, dated November 2020, significant updates to the risk management process were due to be made in the final quarter of 2020/21. We assessed the proposed design of these newly updated processes and found it provides a clear and robust approach to corporate and local risk management and a clear escalation route between the two.

The proposed approach includes the introduction of a consistent approach to local risk management at a project level, including project risk registers and quarterly project Boards. Each risk on the corporate risk register will have a Service Leader assigned who is best placed to define risks and the associated controls and mitigations, reflecting an appropriately senior level of accountability. Service Leaders will propose changes/updates to the corporate risk register to ensure its accuracy prior to publication in the Corporate Governance and Standards Committee papers. Project risk registers will be updated by Project Leaders through regular update meetings, such as with contractors for capital projects, or through risk workshops with key stakeholders. Updated project risk registers will be presented to the relevant Project Board meetings, who meet quarterly and will be attended by the relevant Service Leader, providing a clear link between corporate and local risk management. There are no specific deadlines, milestones or review controls in place for monitoring the implementation of this new approach. Without the implementation of these significantly updated processes, the Council does not have a clear robust framework in place to monitor and manage risk at corporate and local levels, including a clear escalation process between the two. It is vital that this is now implemented and that a robust plan for rolling out the revised risk management framework is put in place which brings together and unifies the various risk management documents, processes and required actions at a corporate and local risk level.

No central process or specific guidance exists mandating how risk should be managed at a local or project level. As such, the creation of project risk registers is dependent on the individual project leader's approach. There is not one centrally established process or written procedure to be followed for risk management and clear minimum documentation requirements, e.g. the existence of a risk register. The Council's 'Risk Management Strategy and Framework' was last updated in September 2017, a clear deadline for review was not included in the original framework however our benchmarking against the wider sector would indicate that similar documents should be reviewed as a minimum on an annual basis. Local Project teams are not familiar with this document and do not have an understanding of how to access to it, instead employing their own independent risk management processes that differ across projects. The corporate risk register should be presented at every Corporate Governance and Standards Committee meeting. However, review of meeting minutes indicated the corporate risk register has not been presented to the Corporate Governance and Standards Committee since September 2020 and is not taken on a regular basis.

Our review of the corporate risk register and local risk registered identified elements of good design, for example each risk across the corporate and local risk registers that we reviewed had an action owner assigned. Risks had been allocated to relevant individuals with an appropriately senior level of accountability. However, we identified inconsistencies in the approach to risk scoring, the identification of mitigating actions, and the level of detail recorded for each risk and have identified opportunities to improve clarity and consistency of these key documents across the Council.



Section Two

# Summary of reviews - March 2021

| Performance monitoring: KPI data quality | Recommendations |        |     |
|--|-----------------|--------|-----|
|  | High            | Medium | Low |
|  | 2               | 5      | 0   |

## Summary of key findings

We reviewed the design and effectiveness of the performance management framework, with specific review of three KPIs selected by Management. We provide ‘partial assurance with improvements required’ (**amber red**). Our rating is driven by a need for more formal processes for internal reporting, systems issues preventing the reporting of agreed KPIs and a lack of documentation to support KPIs reported.

The Council is in the process of developing a formal and consistent structure for reporting KPIs, including to the Corporate Management Team and Corporate Governance and Standards Committee. We recommend that as this is developed, it should include a clear schedule of KPIs to be reported, definitions, frequency of reporting and responsible owners. The Council plans to take the first performance indicator report to the Corporate Governance and Standards Committee in March 2020. We considered controls around the collation of data and reporting of the three agreed KPIs, and set out below our findings for each:

**Major applications KPI:** Figure for each quarter (as per the Combined Development Control PS1 and PS2 form) of the percentage of decisions on applications made within 13 weeks. There is a robust process and set of controls around the collation of data regarding major planning applications. This involves the use of system controls within Acolaid and logs to evidence quality checks undertaken over data entry. The definition of the KPI is taken from MHCLG guidance. Further clarity should be provided to support the internal reporting of the KPI to be clear over the calculation methodology, for example, including how extensions of time are applied, and that the decision date is recorded as the date the decision is communicated. We tested the data that sits behind the KPI for the period July -September 2020. This consisted of 14 major applications where a decision was communicated in the period and we tested the entire population. Our testing showed that both the dates used for applications and the classification as major were all accurate. We obtained assurance over completeness of the calculation by searching the planning portal for major applications in this period and checking they were included in the KPI calculation.

**Sickness absence KPI:** Rolling year to date number of working days/shifts lost due to sickness absence. This is calculated by the number of long and short term sickness absence days divided by the number of FTE of staff. The definition and calculation of this KPI is well defined. Further clarity should be sought over responsibilities for entering sickness absence data into Business World. Since implementation of Business World in July 2020, there has been no reporting of this KPI due to identified data weaknesses and action is needed to ensure that these issues are rectified so that reporting can resume. The Council was unable to provide supporting data for the KPI calculation for the period April-June 2020 due to the aforementioned challenges and therefore we sample tested the KPI data for the preceding period, April 2019–March 2020. Our testing for a sample of 25 cases found that for each instance the sickness absence had been recorded in the relevant system, however, there were challenges in obtaining supporting documentation including first day forms, self certification forms and signed return to work forms both to support the sickness absences recorded on the systems but also presenting a challenge for future verification of compliance with required procedures across the Council. Requirements for storing and retaining such documentation should be established and communicated to relevant colleagues.

**Waste collection KPI:** Rolling 12-month total of the number of kilograms of residual household waste collected per household, using the Defra definition of residual household waste. There are well defined processes for collating data to submit to DEFRA and reconciling that data to waste collection tickets to ensure completeness and accuracy. We were unable to undertake testing to assess the quality of the data reported during the period April-September 2020 as a result of a lack of supporting data. The Council was unable to evidence whether there had been review of the data prior to submission to WasteDataFlow.

# Head of Internal Audit Opinion 2020/21

## ***Basis of opinion for the period 1 April 2020 to 31 March 2021***

Our internal audit service has been performed in accordance with KPMG's internal audit methodology which conforms to Public Sector Internal Audit Standards (PSIAS). As a result, our work and deliverables are not designed or intended to comply with the International Auditing and Assurance Standards Board (IAASB), International Framework for Assurance Engagements (IFAE) or International Standard on Assurance Engagements (ISAE) 3000. PSIAS require that we comply with applicable ethical requirements, including independence requirements, and that we plan and perform our work to obtain sufficient, appropriate evidence on which to base our conclusion.

## ***Roles and responsibilities***

The Council is collectively accountable for maintaining a sound system of internal control and is responsible for putting in place arrangements for gaining assurance about the effectiveness of that overall system. The Governance Statement (AGS) is an annual statement by the Accountable Officer, on behalf of the Council, setting out:

- how the individual responsibilities of the Accountable Officer are discharged with regard to maintaining a sound system of internal control that supports the achievement of policies, aims and objectives;
- the purpose of the system of internal control as evidenced by a description of the risk management and review processes, including the Assurance Framework process; and
- the conduct and results of the review of the effectiveness of the system of internal control including any disclosures of significant control failures together with assurances that actions are or will be taken where appropriate to address issues arising.

The Assurance Framework should bring together all of the evidence required to support the AGS.

The Head of Internal Audit (HoIA) is required to provide an annual opinion in accordance with PSIAS, based upon and limited to the work performed, on the overall adequacy and effectiveness of the Council's risk management, control and governance processes (i.e. the system of internal control). This is achieved through a risk-based programme of work, agreed with Management and approved by the Corporate Governance and Standards Committee, which can provide assurance, subject to the inherent limitations described below.

The purpose of our HoIA Opinion is to contribute to the assurances available to the Accountable Officer and the Council which underpin the Council's own assessment of the effectiveness of the system of internal control. This Opinion will in turn assist the Council in the completion of its AGS and may be taken into account by regulators to inform their conclusions.

The opinion does not imply that the HoIA has covered all risks and assurances relating to the Council. The opinion is derived from the conduct of risk-based plans generated from a robust and Management-led Assurance Framework. As such it is one component that the Council takes into account in making its AGS.

## ***Opinion***

Our opinion is set out as follows:

- Basis for the opinion;
- Overall opinion; and
- Commentary.

## ***Basis for the opinion***

The basis for forming our opinion is as follows:

- An assessment of the design and operation of the underpinning aspects of the risk and assurance framework and supporting processes; and
- An assessment of the range of individual assurances arising from our risk-based internal audit assignments that have been reported throughout the period. This assessment has taken account of the relative materiality of these areas.

## Section Three

# Head of Internal Audit Opinion 2020/21

### Overall opinion

**'Partial assurance with improvements required'** can be given on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control.

### Commentary

The commentary below provides the context for our opinion and together with the opinion should be read in its entirety. Our opinion covers the period 1 April 2020 to 31 March 2021 inclusive, and is based on the nine internal audits completed in the period.

During 2020/21 the Council faced unprecedented challenges from COVID, with significant and varied operational pressures. In addition, the Guildford First programme of transformation and re-organisation remains ongoing and as part of this the Council has further system implementations. Against this challenging backdrop of the pandemic alongside organisational transformation, during 2020/21 we issued seven 'partial assurance with improvements required' reports, including in the areas of core financial control, risk management and data quality. We agreed 6 high priority recommendations during the year:

- Local risk management: introduction of a consistent council-wide risk management framework. We found that there are no central processes or specific guidance mandating how risk should be managed at a local or project level. Our recommendation centres around updating the existing 'Risk management strategy and framework' on a more regular basis and communicating this to relevant staff so that there is a clear, consistent approach to risk management;
- Local risk management: implementing the newly designed risk management framework. This recommendation is around the implementation of the revised risk management framework; formally devising a plan that unifies the risk management documents, processes and required actions at a corporate and local risk level;
- Performance monitoring: internal performance reporting framework. This recommendation is intended to support the Council through development of the new performance reporting framework – ensuring that there is a clear schedule of KPIs to be reported, including definitions of KPIs, roles and responsibilities for preparation and frequency of reporting; and
- Performance monitoring: staff sickness absence KPI – system integration. We found that the Council had not calculated the sickness absence KPI since the implementation of the new Business World system in July 2020 as a result of identified weaknesses in the recording of data. The recommendation centres around the Council taking steps to address and rectify these identified weaknesses.
- Income and Accounts Receivable and Expenditure and Accounts Payable reviews. We raised two high priority recommendations related to the availability of evidence to support controls operating. Implementation of Business World coupled with COVID has impacted the availability of the required documentation. Financial records with relevant supporting evidence must be available to demonstrate that the Council has maintained a robust control environment at all times.

Despite the challenging backdrop and these high priority recommendations, we are pleased to note that Management has agreed actions in place with named owners and deadlines such that these matters can be addressed. In addition, during 2021/22 we will revisit these key areas to provide independent assurance that actions are being completed and progress is being made.



KPMG LLP  
Chartered Accountants  
London  
16 March 2021



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Corporate Governance and Standards Committee Report

Ward(s) affected: All

Report of Director of Resources

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Lead Councillor responsible: Tim Anderson

Tel: 07710 328560

Email: tim.anderson@guildford.gov.uk

Date: 25 March 2021

## Internal Audit Annual Audit Plan - 2021-22

### Executive Summary

The Council has outsourced its internal audit service to KPMG under a 3-year contract covering the financial years 2020-21, 2021-22 and 2022-23. The proposed Internal Audit Plan for 2021-22 by KPMG is presented at Appendix 1.

### Recommendation to Committee

The Committee is requested to agree the annual internal audit plan for 2021-22, as set in Appendix 1 to this report.

#### Reason 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 the internal audit annual audit plan for 2021-22.

### 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 2021-22 is now being delivered by Neil Hewitson from KPMG who is the Council's outsourced internal audit manager for the three financial

years 2020-21, 2021-22 and 2022-23. A copy of their proposed audit plan for 2021-22 is attached at Appendix 1.

**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 internal audit plan for 2021-22 is presented at Appendix 1.

**8. Background Papers**

None

**9. Appendices**

Appendix 1: Internal Audit Plan for 2021-22

# Internal Audit Plan 2021/22

**Guildford Borough Council**

KPMG Internal Audit, Risk & Compliance Services

March 2021



# Summary of the internal audit plan 2021/22

01

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We set out below the proposed schedule for delivering the Internal Audit Plan 2021/22. This schedule has been aligned with the planned dates of the Corporate Governance and Standards Committee to ensure a smooth and balanced cycle of reporting throughout the year.

|       |   | Apr | May | June | July | Aug | Sept | Oct | Nov | Dec | Jan | Feb | Mar |
|-------|---|-----|-----|------|------|-----|------|-----|-----|-----|-----|-----|-----|
| 01/22 | Housing Revenue Account: right to buy receipts                  |     |     |      |      |     |      |     |     |     |     |     |     |
| 02/22 | Performance monitoring – KPI Review One                         |     |     |      |      |     |      |     |     |     |     |     |     |
| 03/22 | Performance monitoring – KPI Review Two                         |     |     |      |      |     |      |     |     |     |     |     |     |
| 04/22 | Performance monitoring – KPI Review Three                       |     |     |      |      |     |      |     |     |     |     |     |     |
| 05/22 | Safeguarding  |     |     |      |      |     |      |     |     |     |     |     |     |
| 06/22 | Key learnings from COVID (deferred from 2019/20)                |     |     |      |      |     |      |     |     |     |     |     |     |
| 07/22 | Future Guildford programme                                      |     |     |      |      |     |      |     |     |     |     |     |     |
| 08/22 | Financial controls: capital management (deferred from 2020/21)  |     |     |      |      |     |      |     |     |     |     |     |     |
| 09/22 | Financial controls: income and accounts receivable compliance   |     |     |      |      |     |      |     |     |     |     |     |     |
| 10/22 | Financial controls: expenditure and accounts payable compliance |     |     |      |      |     |      |     |     |     |     |     |     |
| 11/22 | Financial controls: procurement                                 |     |     |      |      |     |      |     |     |     |     |     |     |
| 12/22 | Follow up reviews from 2020/21                                  |     |     |      |      |     |      |     |     |     |     |     |     |
| 13/22 | Risk management   |     |     |      |      |     |      |     |     |     |     |     |     |
| 14/22 | Financial controls: budgetary control                           |     |     |      |      |     |      |     |     |     |     |     |     |
|       | Corporate Governance and Standards Committee Dates              | ❖   |     | ❖    | ❖    |     | ❖    |     | ❖   |     | ❖   |     | ❖   |



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# Detailed internal audit plan 2021/22

02

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We set out below the proposed schedule for delivering the Internal Audit Plan 2021-2022. This schedule has been aligned with the planned dates of the Corporate Governance and Standards Committee to ensure a smooth and balanced cycle of reporting throughout the year.

| #     | Name  | Rationale for inclusion and scope   | Sponsor                              |
|-------|---|---|--------------------------------------|
| 01/22 | Housing Revenue Account: (HRA) Rights to buy receipts | <p>We will review the processes and controls in place for monitoring the receipt of and spending against Right to Buy (RTB) monies within the Housing Revenue Account. This will include:</p> <ul style="list-style-type: none"> <li>• How progress is monitored internally;</li> <li>• The process for identifying potential repayments arising, using the Capita RTB model;</li> <li>• How data related to RTB is reviewed by management prior to the quarterly pooling return (we note that the year end pooling return is subject to external audit so we will not perform substantive testing on the return)</li> </ul> <p>We will undertake testing of key controls identified from the above processes.</p> <p>We will review governance structures in place to understand how RTB monies are monitored and overseen. We will consider:</p> <ul style="list-style-type: none"> <li>• The process for monitoring potential repayments arising against the RTB monies to relevant groups and Committees</li> <li>• The design of reporting within the governance structure to ensure timely sight of potential repayments arising against the RTB monies from relevant groups and Committees, including the process for bringing key issues or concerns to attention in a timely fashion</li> <li>• The process for timely escalation of risks associated with not meeting spending expectations and the arising risk of RTB repayment within the governance structure</li> </ul> <p>We will review papers and minutes of relevant groups and Committees as identified by management to consider the information presented</p> | Claire Morris, Director of Resources |



# Detailed internal audit plan 2021/22

| #                       | Name  | Rationale for inclusion and scope   | Sponsor   |
|-------------------------|---|---|---|
| 02/22<br>03/22<br>04/22 | Data quality: Performance monitoring (KPIs) | We will review the arrangements in place to manage and monitor performance across the Council by looking at three key performance indicators as selected by Management. As part of this, we will consider overall management of performance; including collation and reporting of data. We will consider the frequency of performance meetings, escalation of identified issues and tracking of actions. For each of the key controls identified, we will test the operating effectiveness. Through the use of data analytics, we will also consider the quality of data used to monitor performance of each of the selected KPIs.  | Amanda Hargreaves, Performance Officer, Strategy and Communications |
| 05/22                   | Safeguarding                                | <p>We will review the policies, controls and training in place at the Council to ensure that staff are adequately aware of their roles and responsibilities in relation to Safeguarding. This will encompass a review of the training requirements and frequency as well as the sufficiency of training provided.</p> <p>Through a workshop we will assess the culture in relation to safeguarding with key staff members across the Council using our soft controls framework. We will assess the effectiveness of the soft controls underpinning the identified hard controls in place for serious incident management. In doing so we will evaluate behavioural drivers in key eight areas: clarity, role modelling, achievability, commitment, transparency, discussability, accountability, and enforcement</p> <p>As part of the workshop and our subsequent analysis we will identify themes and trends in relation to the eight areas and use these to identify areas for improvement to the safeguarding policy and associated procedures in place at the Council.</p> | Ian Doyle, Director of Service Delivery                             |

# Detailed internal audit plan 2021/22

| #     | Name                       | Rationale for inclusion and scope  | Sponsor   |
|-------|----------------------------|--|---|
| 06/22 | Key Learnings from COVID   | <p>The COVID-19 pandemic represents the largest disruption to day to day operations that has been seen in years. It has meant that some of the Council's services have been disrupted. It has meant the Council has quickly had to adapt new ways of working, and implement business continuity plans and incident response teams. We will support the Council in conducting a 'lessons learned' exercise to identify where processes and controls operated effectively in the circumstances, and where improvements might be made to current processes to ensure that the Council is well equipped to deal with future incidents.</p> <p>We will support the Council in undertaking a 'lessons learned' exercise to assess the effectiveness of the Council's processes during Covid-19. As part of this we will consider:</p> <ul style="list-style-type: none"> <li>• How effectively business continuity plans were used, and whether the captured the necessary events to respond to the pandemic;</li> <li>• How customers were contacted to amend / cancel services where appropriate, and how the decision to do so was made; and</li> <li>• How staff were redeployed to areas of priority across the Council.</li> </ul> | Justine Fuller, Head of Environmental and Regulatory Services |
| 07/22 | Future Guildford Programme | <p>Future Guildford is a Council-wide approach which proposes to reorganise the whole organisation, informed through the Management Consultants 'Ignite'. Future Guildford bases value on investing in IT infrastructure, increasing customer self-service and commercial opportunities.</p> <p>We will:</p> <ul style="list-style-type: none"> <li>• Review the governance arrangements in place to manage the Future Guildford project;</li> <li>• Review the reporting of progress;</li> <li>• Review the approach taken to risk assessment in the Future Guildford project; and</li> <li>• Review processes and controls for budget monitoring.</li> </ul>   | Claire Morris, Director of Resources                          |

# Detailed internal audit plan 2021/22

| #   | Name               | Rationale for inclusion and scope   | Sponsor   |
|---|--------------------|---|---|
| 08/22<br>09/22<br>10/22<br>11/22<br>14/22 | Financial Controls | <p>We undertake our work on financial systems on a cyclical basis, reviewing separate systems each year to provide coverage across key systems over the life of strategic plan. In 2021/22 we will undertake a review across your financial systems designed to assess the robustness of controls implemented. We will work with the finance team to develop shared process documentation of the control systems that can be utilised in forthcoming periods. We will develop data analytics routines to assess the consistency with which controls have operated as designed. In 2021/22 we will review the following areas:</p> <ul style="list-style-type: none"> <li>• Capital Management</li> <li>• Income and Accounts Receivable</li> <li>• Expenditure and Accounts Payable</li> <li>• Procurement</li> <li>• Budgetary Management</li> </ul> | Claire Morris, Director of Resources                |
| 12/22                                     | Follow Ups         | We will deliver seven follow up reviews specifically targeting previously audited areas that received challenging recommendations. We will prioritise follow up reviews that were given 'no assurance' or 'partial assurance with improvements required' ratings. Additionally, we will follow up on a sample of previously audited areas that were given an assurance rating of 'significant assurance with minor improvement opportunities' as selected by the Council.   | Joan Poole  |
| 13/22                                     | Risk Management    | We will review the process for identifying, capturing and escalating local risks. We will review the design of the process for managing local risks, and assess how these feed in to the Council's ongoing risk management processes. For a sample of risks across services, we will assess whether they have been scored and managed in line with the Council's risk management policy. We will select a wider sample to assess whether the quality of risk action updates is appropriate, timely, and whether there is evidence to support the implementation of the action.  | Steve Benbough, Strategy and Communications Manager |





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Corporate Governance & Standards Committee Report

Ward(s) affected: All

Report of the Monitoring Officer

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Date: 25 March 2021

## **Annual Report of the Monitoring Officer regarding Misconduct Allegations**

### **Executive Summary**

This report is to inform and update the Committee about decisions taken on allegations of misconduct against borough and parish councillors for the 12-month period ending 31 December 2020.

#### **Recommendation to Committee:**

- (1) To note the cases referred to in Appendix 1.
- (2) To advise the Monitoring Officer of any areas of concern upon which the Committee would like further information and/or further work carried out.

#### **Reasons for Recommendation:**

- To ensure members of the Committee and others to whom the report is circulated are updated as to complaints received and to enable them to consider learning points for the future.
- To seek to promote and maintain high standards of conduct amongst Members.

### **1. Purpose of Report**

- 1.1 The purpose of this report is to inform and update members of the Committee about decisions taken on allegations of misconduct against borough and parish councillors during the year ending 31 December 2020.

### **2. Statutory background**

- 2.1 The statutory background can be found in the Localism Act 2011, Part 1 Chapters 6 and 7 ("the Act") and the Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012 ("the Regulations") made thereunder.

### **3. Strategic Priorities**

- 3.1 The Committee's discussion in public about decisions taken on ethical standards allegations against borough and parish councillors and consideration of any learning points for the future is an important element of good corporate governance and reinforces the Council's commitment to be open and accountable to its residents.

### **4. Relevant Government Policy and Relevant Council Policy**

- 4.1 The relevant government policies with regard to the ethical standards framework are contained in the Department for Communities and Local Government Guidance "[Openness and Transparency on Personal Interests: A guide for Councillors](#)". The Council's policy is contained in Part 5 of its Constitution, in particular the Councillors' Code of Conduct and the Council's Arrangements for dealing with allegations of misconduct by councillors and co-opted members.

### **5. Background**

- 5.1 The Act made fundamental changes to the system of regulation of standards of conduct for elected and co-opted councillors. The provisions came into force on 1 July 2012.
- 5.2 Section 27(2) of the Act required the authority to adopt a code dealing with the conduct that is expected of members and co-opted members of the authority when they are acting in that capacity. Sections 28(6) and (7) of the Act required the Council to put in place Arrangements under which allegations that a councillor or co-opted member of the Council or of any of the 23 parish councils within the borough has failed to comply with the relevant code of conduct can be investigated and decisions made on such allegations.
- 5.3 Following the full council meetings on 8 May 2012 and 5 July 2012 the Council:
- Established this Committee with responsibility for a range of matters to include promoting and maintaining high standards of conduct by members and co-opted members of the authority;
  - Adopted a new Councillors' Code of Conduct;
  - Appointed an Independent Person;
  - Adopted Arrangements and procedures for dealing with misconduct complaints in relation to both borough and parish councillors;
  - Revised the Register of Members' Interests to reflect the new Disclosable Pecuniary Interests created under the Act and regulations made thereunder;
  - Authorised the making of all necessary changes to the Constitution.
- 5.4 After four years of operation, the Arrangements for dealing with misconduct complaints were reviewed by the Council with assistance from this Committee and the Standards Working Group in light of local experiences of handling cases, to benchmark the Council's Arrangements against emerging best practice and to ensure greater efficiency in the process. The revised Arrangements were approved



by this Committee and came into force on 24 November 2016, and were further reviewed in spring of 2018 and more recently in October 2020 where some minor amendments were made.

## **6. Details**

- 6.1 Attached at Appendix 1 is a list showing the decisions taken by the Monitoring Officer in relation to allegations made against borough councillors and parish councillors in accordance with the Council's adopted Arrangements for dealing with Allegations of Misconduct for the year ending 31 December 2020.

### Number of allegations

- 6.2 Throughout this period, there have been 17 complaints in total. Of these, 9 complaints were regarding borough councillors, and 8 were regarding parish councillors.

### Action taken

- 6.3 Eight of the complaints failed the initial jurisdiction test, two proceeded to investigation. Seven were subject to no further action. There are no outstanding complaints at the time of writing this report.

### Type of complainant

- 6.4 The origin of the complaints (whether member of the public, or elected members of the authority) is set out in Appendix 1.

### Response times

- 6.5 The time taken for consideration and determination of a complaint is set out in Appendix 1.
- 6.6 The identity of all councillors complained of has been anonymised. It is felt that such information should remain confidential unless and until any complaint results in an open hearing before the Hearings Sub-Committee.
- 6.7 There is no common theme that the Monitoring Officer would like to draw to the attention of the Committee.
- 6.8 However, the Committee is invited to consider whether there are any areas of concern upon which it would like further information and/or further work done.

## **7. Next steps**

- 7.1 The Committee is asked to note the matters contained in this report and advise the Monitoring Officer of any areas of concern or further information/action required.

**8. Other courses of action considered but rejected**

- 8.1 It is good practice to provide an annual update report of this nature. The requirement forms part of the Work Programme for the Committee. Failure to keep this Committee up to date could lead to a diminution of ethical standards amongst councillors.

**9. Equality and Diversity Implications**

- 9.1 There is a general obligation in the Councillors' Code of Conduct in which Members undertake "Not to do anything which may cause your authority to breach any of the equality enactments".

**10. Financial Implications**

- 10.1 There is a financial cost to the Council if complaints are passed to external consultants for investigation/report.

**11. Legal Implications**

- 11.1 None, other than those implicit within this Report and Appendix 1.

**12. Human Resource Implications**

- 12.1 None

**13. Conclusion**

- 13.1 The Committee is asked to note the cases referred to in Appendix 1; and to advise the Monitoring Officer of any areas of concern upon which they would like further information and/or further work done.

**14. Background Papers**

As referred to in this Report and Appendix.

Case files referred to are exempt under the Local Government Act 1972 Part 1 of Schedule 12A paragraphs 1 and 2.

**15. Appendices**

Appendix 1: Allegations against Councillors & Parish Councillors under the Arrangements for dealing with Allegations of Misconduct – 1 January to 31 December 2020.

**Decisions taken in relation to Allegations of Misconduct against Borough Councillors & Parish Councillors  
under the Arrangements for dealing with Allegations of Misconduct  
1 January 2020 to 31 December 2020**

| Item | Borough or Parish Councillor | Relevant Parts of Code of Conduct  | Decision  | Comments | Complainant          | Date complaint received | Date of Decision/ Outcome |
|------|------------------------------|--|---|----------|----------------------|-------------------------|---------------------------|
| 1    | Borough Councillor           | Para 2(2)(b) intimidation/bullying<br>Para 3 disclosure of confidential information<br>Para 4 bringing the Council into disrepute etc  | Informal Resolution following a formal investigation (Stage 4)  | Apology  | Councillor           | 2 August 2019           | 27 August 2020            |
| 2    | Borough Councillor           | Para 2 (1) Failure to treat others with respect<br>Para 2(2)(b) intimidation/bullying<br>Para 2(2)(d) Impartiality<br>Para 3 disclosure of confidential information<br>Para 4 bringing the Council into disrepute etc<br>Para 5(a) using position improperly for advantage or disadvantage | Informal Resolution (stage 3)                                   | Apology  | Member of staff      | 29 August 2019          | 16 June 2020              |
| 3    | Borough Councillor           | Para 5(a) using position improperly for advantage or disadvantage  | No Further Action ("NFA") following an Assessment Sub-Committee | None     | Member of the public | 12 September 2019       | 29 May 2020               |

| Item | Borough or Parish Councillor | Relevant Parts of Code of Conduct  | Decision   | Comments   | Complainant          | Date complaint received | Date of Decision/ Outcome |
|------|------------------------------|--|--|--|----------------------|-------------------------|---------------------------|
|      |                              | Para 7 predetermination  | (Stage 2))   |  |                      |                         |                           |
| 4    | Borough Councillor           | Para 4 Bringing the Council into disrepute etc<br>Para 5(a) Using position improperly for advantage or disadvantage<br>Para 7(3) Making decisions with an open mind etc<br>Para 7(4) Bias and predetermination | Failed Initial Jurisdiction Test (stage 1)                                 | None   | Member of the public | 12 September 2019       | 15 December 2020          |
| 5    | Borough Councillor           | Para 4 bringing the Council into disrepute etc   | No Further Action ("NFA") following an Assessment Sub-Committee (Stage 2)) | None   | Councillor           | 16 October 2019         | 29 May 2020               |
| 6    | Borough Councillor           | Para 1(2) Selflessness, integrity, objectivity, honesty, leadership.   | No Further Action ("NFA") following an Assessment Sub-Committee (Stage 2)  | None   | Member of the public | 22 November 2019        | 30 April 2020             |
| 7    | Borough Councillor           | Para 2 (1) Failure to treat others with respect<br>Para 2(2)(d) Impartiality   | No Further Action ("NFA") following a formal investigation (Stage 4)       | The two recommendations for improvement made by the investigator which are being taken forward by task groups. | Member of the public | 12 December 2019        | 20 December 2020          |

| Item | Borough or Parish Councillor | Relevant Parts of Code of Conduct   | Decision   | Comments | Complainant          | Date complaint received | Date of Decision/ Outcome |
|------|------------------------------|---|--|----------|----------------------|-------------------------|---------------------------|
|      |                              | <p>Para 4 bringing the Council into disrepute etc</p> <p>Para 7 predetermination</p> <p>Para 8 disclosable pecuniary interest</p> <p>Para 14 acceptance of gifts or hospitality</p>   |  |          |                      |                         |                           |
| 8    | Borough Councillor           | <p>Para 2 (1) Failure to treat others with respect</p> <p>Para 2(2) (b) Bullying any person</p> <p>Para 2(2)(c) Intimidating complainant/witness</p> <p>Para 2(2)(d) Impartiality</p> <p>Para 4 Bringing the Council into disrepute etc</p> <p>Para 5(a) Using position improperly for advantage or disadvantage</p> <p>Para 7(3) Making decisions with an open mind etc</p> <p>Para 7(4) Bias and predetermination</p> | No Further Action ("NFA") following a formal investigation (Stage 4) | None     | Member of the public | 22 December 2019        | 15 July 2020              |

| Item | Borough or Parish Councillor | Relevant Parts of Code of Conduct   | Decision   | Comments  | Complainant          | Date complaint received | Date of Decision/ Outcome |
|------|------------------------------|---|--|---|----------------------|-------------------------|---------------------------|
| 9    | Borough Councillor           | Para 4 bringing the Council into disrepute etc<br>Para 5(a) using position improperly for advantage or disadvantage   | No Further Action ("NFA") following a formal investigation (Stage 4) | The two recommendations for improvement made by the investigator which are being taken forward by task groups | Councillor           | 29 December 2019        | 20 December 2020          |
| 10   | Parish Councillor            | Para 1 (2) Selflessness<br>Para 2 (1) Failure to treat others with respect<br>Para 2(2)(b) intimidation/bullying<br>Para 2(2)(d) Impartiality<br>Para 4 - Bringing the Council into disrepute etc | No Further Action ("NFA") following local assessment (stage 2)       | Code of conduct training offered to all Parish Council Members during Nov and Dec 2020                        | Member of the public | 3 September 2020        | 16 December 2020          |
| 11   | Parish Councillor            | Para 2 (1) Failure to treat others with respect<br>Para 4 - Bringing the Council into disrepute etc   | Failed Initial Jurisdiction Test (stage 1)                           | Code of conduct training offered to all Parish Council Members during Nov and Dec 2020                        | Member of the public | 16 September 2020       | 15 October 2020           |
| 12   | Parish Councillor            | Para 2 (1) Failure to treat others with respect<br>Para 2(2)(b) intimidation/bullying   | Failed Initial Jurisdiction Test (stage 1)                           | Code of conduct training offered to all Parish Council Members during Nov and Dec 2020                        | Member of the public | 16 September 2020       | 15 October 2020           |

| Item | Borough or Parish Councillor | Relevant Parts of Code of Conduct  | Decision                                   | Comments   | Complainant          | Date complaint received | Date of Decision/ Outcome |
|------|------------------------------|--|--|--|----------------------|-------------------------|---------------------------|
| 13   | Parish Councillor            | Para 2 (1) Failure to treat others with respect<br>Para 4 - Bringing the Council into disrepute etc                                      | Failed Initial Jurisdiction Test (stage 1) | Code of conduct training offered to all Parish Council Members during Nov and Dec 2020 | Member of the public | 18 September 2020       | 30 October 2020           |
| 14   | Parish Councillor            | Para 1 (2) Integrity and Openness<br>Para 2(2)(d) Impartiality<br>Para 4 - Bringing the Council into disrepute etc                       | Failed Initial Jurisdiction Test (stage 1) | Code of conduct training offered to all Parish Council Members during Nov and Dec 2020 | Member of the public | 21 September 2020       | 5 November 2020           |
| 15   | Parish Councillor            | Para 1 (2) Integrity and Openness<br>Para 2 (1) Failure to treat others with respect<br>Para 4 - Bringing the Council into disrepute etc | Failed Initial Jurisdiction Test (stage 1) | Code of conduct training offered to all Parish Council Members during Nov and Dec 2020 | Member of the public | 21 September 2020       | 29 October 2020           |
| 16   | Parish Councillor            | Para 1(2) Selflessness   | Failed Initial Jurisdiction Test (Stage 1) | Code of conduct training offered to all Parish Council Members during Nov and Dec 2020 | Member of the public | 23 September 2020       | 13 October 2020           |
| 17   | Parish Councillor            | Para 2(2)(b) Intimidation/bullying<br>Para 4 Bringing the Council into disrepute etc   | Failed Initial Jurisdiction Test (Stage 1) | Code of conduct training offered to all Parish Council Members during Nov and Dec 2020 | Member of the public | 29 September 2020       | 13 October 2020           |

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Corporate Governance and Standards Committee Report

Ward(s) affected: All

Report of Director of Resources

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Date: 25 March 2021

## **Financial Monitoring 2020-21: April 2020 to January 2021**

### **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 2020 to January 2021.

Officers are projecting an increase in net expenditure on the general fund revenue account of £13,828,046.

Covid-19 continues to impact the Council. The direct expenditure incurred by the Council in the current financial year stands at £3,208,895. 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 31 January 2021 and will therefore potentially move adversely as the measures progress.

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

The increase in net expenditure on services, net of reserve transfers, is £13,828,046.

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 £7.61 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 £822,692 lower than budgeted assumption due to slight fall in income forecast despite the fall in expenditure.

Progress against significant capital projects on the approved programme as outlined in section 7 are underway. The Council expects to spend £41.934 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 £21.241 million by 31st March 2021, against an estimated position of £125.956 million. The lower underlying need to borrow is a result of slippage on both the approved and provisional capital programme as detailed in paragraph 7.3 to 7.6 of the report.

The Council held £130 million of investments and £271 million of external borrowing on 31 January 2021, 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 2020 to January 2021 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 2020 to January 2021.

## **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 January 2021 [period 10].
  - (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 the Council's Corporate Governance and Standards 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 £13,828,046. In most cases this is a result of the impact of Covid-19 and funding received from Central Government awaiting transfer out to direct beneficiaries.
- 4.2 The direct costs associated with the Covid-19 pandemic in the current financial are £3,208,895 and 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 latest national lockdown will have and are expected to worsen.

| Description                    | Actual £  | Forecast £       |
|--------------------------------|-----------|------------------|
| <b>Housing</b>                 |           | <b>636,000</b>   |
| Emergency Accommodation        | 179,919   |                  |
| <b>Culture</b>                 |           | <b>3,424,000</b> |
| Leisure costs                  | 2,264,401 |                  |
| <b>Finance &amp; Corporate</b> |           | <b>66,000</b>    |
| Finance/Computer Software      | 42,674    |                  |
| <b>Other shielding</b>         |           | <b>400,000</b>   |

| Description                              | Actual £            | Forecast £       |
|--|---------------------|------------------|
| Food Purchases                           | 315,924             |                  |
| <b>Other PPE</b>                         |                     | <b>529,000</b>   |
| Staffing                                 | 153,874             |                  |
| Consumables                              | 153,048             |                  |
| Equipment                                | 25,503              |                  |
| <b>Other – excluding service areas</b>   |                     | <b>307,000</b>   |
| Grants and Subscriptions                 | 16,552              |                  |
| <b>Public Health</b>                     | <b>57,000</b>       | <b>60,000</b>    |
|  |                     |                  |
| <b>Gross Expenditure</b>                 | <b>3,208,895</b>    | <b>5,422,000</b> |
| Government Grant (some waiting transfer) | (24,387,783)        | (2,200,000)      |
| Rentals                                  | (135,865)           | (135,865)        |
| <b>Net Expenditure</b>                   | <b>(21,314,754)</b> | <b>3,312,000</b> |

- 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 January (Period 10) we incurred loss of fees and charges income across all services of £8.0 million 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 2020 to the end of January 2021 and therefore considers some, but not all, of the costs and implications of the latest 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 £13,828,046 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                 |               |           |            |
| <b>TOTAL</b>        |               |           | <b>NIL</b> |

**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         |
| Town Centre Plan – move from holding code | Revenue            | CFO         | 08/02/2021       | 500,000        |
| <b>TOTAL</b>                              |                    |             |                  | <b>555,000</b> |

- 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           |
|---------------|--------------------|--------------------|--------------------|
| Resources     | £7,249,347         | £12,004,636        | £4,755,289         |
| Services      | £17,925,315        | £25,080,721        | £7,155,406         |
| Strategy      | £1,960,517         | £7,197,123         | £5,236,606         |
| <b>Totals</b> | <b>£27,135,179</b> | <b>£44,282,480</b> | <b>£17,147,301</b> |

**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      | (448)           | Section 81 Environmental Act spending and Future Guildford costs.                    |
| Carry Forward Items  | 234             | Infrastructure development planning and major projects spending unlikely to be used. |
| Car Park Maintenance | 549             | Multi Storey Car Parks repair and maintenance  |

|                                     |         |  |
|-------------------------------------|---------|--|
| IT Renewals                         | 926     | IT expenditure offset by revenue contributions.  |
| On Street Parking                   | 0       | Income predictions lower as a result of Covid-19.  |
| Invest to Save                      | (2,230) | Future Guildford expenditure   |
| New Homes Bonus                     | 70      | Development of Leisure bid and Stoke Park master planning.   |
| Business Rates Equalisation Reserve | (2,217) | Future Guildford costs.  |
| Energy Management                   | (42)    | Contributions from revenue   |
| Other Reserves                      | (1,394) | Changes to SPA's, Refugee expenditure not budgeted, Unspent ringfenced grants taken to reserves, Family Support Programme higher grant received. |
| Net movement                        | (4,552) |  |

## 5 Housing Revenue Account

5.1 **Appendix 3** shows the budget monitoring report for the Housing Revenue Account (HRA) for the period April 2020 to January 2021. The report shows that HRA gross service expenditure, projected outturn is 98.03% 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 98.05% of the budgeted level, with a likelihood of increased bad debt provision. The projected outturn would enable a transfer of around £10.11 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.

| <b>HRA Budget</b>               | <b>2020-21 Estimate</b> | <b>2020-21 Projection</b> | <b>Variance</b> |
|---------------------------------|-------------------------|---------------------------|-----------------|
| Income                          | (£33,136,660)           | (£32,490,686)             | £645,974        |
| Expenditure on Housing Services | £17,316,730             | £16,976,344               | (£340,386)      |
| 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             | £10,185,812               | -£822,692       |
| <b>Net HRA Budget</b>           | <b>(£10,656)</b>        | <b>0</b>                  | <b>£10,656</b>  |

## 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 10.

| Loan type                    |          | Balance<br>30 Nov 20<br>£000 | New loans<br>£000 | Loans<br>repaid<br>£000 | Balance<br>31 Jan 21<br>£000 | Weighted<br>average rate<br>of interest |
|------------------------------|----------|------------------------------|-------------------|-------------------------|------------------------------|---|
| <b>PWLB</b>                  |          |                              |                   |                         |                              | 3.25%                                   |
| Variable                     |          | 45,000                       | 0                 | 0                       | 45,000                       |   |
| Fixed                        | Maturity | 147,435                      | 0                 | 0                       | 147,435                      |   |
|                              | EIP      | 115                          | 0                 | 0                       | 115                          |   |
| <b>Total long-term Loans</b> |          | <b>192,550</b>               | <b>0</b>          | <b>0</b>                | <b>192,550</b>               |   |
| Temporary Loans              |          | 83,500                       | 0                 | (5,000)                 | 78,500                       | 0.47%                                   |
| <b>Total Loans</b>           |          | <b>276,050</b>               | <b>0</b>          | <b>(5,000)</b>          | <b>271,050</b>               |   |

### 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 31 January 2021 available for investment were £130 million and net of short-term borrowing £51.5 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 31 January, 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 January 21 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 compares the Council's investment activity for November 20 to January 21.



| Investment                    | Principal invested<br>£000 | Balance<br>30 Nov 20<br>£000 | Movement<br>in<br>investment<br>£000 | Change in<br>capital value<br>£000 | Balance<br>31 Jan 21<br>£000 | Weighted<br>average<br>rate of<br>interest |
|-------------------------------|----------------------------|------------------------------|--------------------------------------|------------------------------------|------------------------------|--|
| <b>Investment Funds</b>       |                            |                              |                                      |                                    |                              |  |
| CCLA                          | 5,000                      | 6,254                        |                                      | 94                                 | 6,348                        | 1.88%                                      |
| M&G                           | 2,508                      | 3,322                        |                                      | 10                                 | 3,332                        | 2.84%                                      |
| Royal London                  | 2,500                      | 2,358                        |                                      | (40)                               | 2,318                        | 0.10%                                      |
| Schroders                     | 1,000                      | 618                          |                                      | 17                                 | 635                          | 7.04%                                      |
| Funding Circle                | 490                        | 501                          |                                      | (5)                                | 496                          | 1.85%                                      |
| Fundamentum                   | 2,000                      | 1,940                        |                                      | 30                                 | 1,970                        | 0.65%                                      |
| UBS                           | 2,500                      | 2,195                        |                                      | 40                                 | 2,235                        | 2.31%                                      |
| <b>In- House Investments:</b> |                            |                              |                                      |                                    |                              |  |
| Call Accounts                 |                            | 0                            | (430)                                |                                    | 430                          | 0.14%                                      |
| Money Market Funds            |                            | 43,788                       | (2,782)                              |                                    | 46,570                       | 0.22%                                      |
| Notice Accounts               |                            | 3,000                        | 0                                    |                                    | 3,000                        | 0.48%                                      |
| Temporary Fixed Deposits      |                            | 37,000                       | 11,000                               |                                    | 26,000                       | 1.13%                                      |
| 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                        | 5,000                                |                                    | 0                            | 1.70%                                      |
| <b>Total Investments</b>      |                            | <b>142,576</b>               | <b>12,788</b>                        | <b>145</b>                         | <b>129,933</b>               |  |

- 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 Financial 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 wasn't 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

| <b>CAPITAL EXPENDITURE SUMMARY</b>                 |                                      |                                     |  |                                      |
|--|--------------------------------------|-------------------------------------|--|--------------------------------------|
|  | <b>2020-21<br/>Approved<br/>£000</b> | <b>2020-21<br/>Revised<br/>£000</b> | <b>2020-<br/>21<br/>Outturn<br/>£000</b> | <b>2020-21<br/>Variance<br/>£000</b> |
| <b>General Fund Capital Expenditure</b>            |                                      |                                     |  |                                      |
| - Main Programme                                   | 65,188                               | 89,976                              | 38,498                                   | (51,478)                             |
| - Provisional schemes                              | 102,356                              | 83,184                              | 188                                      | (82,996)                             |
| - Schemes funded by reserves                       | 3,984                                | 8,402                               | 3,005                                    | (5,397)                              |
| - S106 Projects                                    | 0                                    | 243                                 | 243                                      | 0                                    |
| - Affordable Housing (General Fund)                | 0                                    | 0                                   | 0  | 0                                    |
| <b>Total Expenditure</b>                           | <b>171,528</b>                       | <b>181,805</b>                      | <b>41,934</b>                            | <b>(139,870)</b>                     |
| <b>Housing Revenue Account Capital Expenditure</b> |                                      |                                     |  |                                      |
| Approved programme                                 | 14,930                               | 16,771                              | 10,188                                   | (6,584)                              |
| Provisional programme                              | 12,457                               | 13,245                              | 250                                      | (12,995)                             |
| <b>Total Expenditure</b>                           | <b>27,387</b>                        | <b>30,016</b>                       | <b>10,438</b>                            | <b>(19,579)</b>                      |

### Approved (main) programme (Appendix 4)

- 7.3 Expenditure is expected to be £38.498 million representing a £51.478 million variance to the revised estimate of £89.976 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 Executive. Whilst actual expenditure for the period of £16.999 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 (£1.5m) – works progressing timeframe for completion 12-18 months. This project is part grant funded from the Enterprise M3 Local Enterprise Partnership (LEP). As part of the grant funding agreement there are specific milestones that have to be met in the delivery of the project and any slippage in delivery of the programme to the milestones may result in the loss of grant funding.
- P21 – Ash Road Bridge (£1.0m) – work is progressing on this scheme with majority of budget still on provisional programme. This project is part grant funded from Homes England Housing Infrastructure Fund (HIF). As part of the grant funding agreement there are specific milestones that have to be met in the delivery of the project and any slippage in delivery of the programme to the milestones may result in the loss of grant funding.
- 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. This project is also part grant funded from Homes England Housing Infrastructure Fund (HIF). As part of the grant funding agreement there are specific milestones that have to be met in the delivery of the project and any slippage in delivery of the programme to the milestones may result in the loss of grant funding.
- SMC (£1.553m) – spend expected in 2020-21 with the majority of spend now expected in 2021-22. This project is part grant funded from the Enterprise M3 Local Enterprise Partnership (LEP). As part of the grant funding agreement there are specific milestones that have to be met in the delivery of the project and any slippage in delivery of the programme to the milestones may result in the loss of grant funding.
- P12 – Strategic Property Acquisitions (£1.496m) - £625k new burial ground, £525k Fox’s Garage, £107k Thornberry Way.
- North Downs Housing (£3.264m) and Guildford Holding Ltd (£2.177m) – 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. This project is part grant funded from the Enterprise M3 Local Enterprise Partnership (LEP). As part of the grant funding agreement there are specific milestones that have to be met in the delivery of the project and any slippage in delivery of the programme to the milestones may result in the loss of grant funding.
- 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.

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) – This scheme has now been removed from the programme (agreed at Council Jan 2021).
- SMC (£1.658m) – spend of £1.453m expected in 2020-21 with the majority of spend now expected in 2021-22. This project is part grant funded from the Enterprise M3 Local Enterprise Partnership (LEP). As part of the grant funding agreement there are specific milestones that have to be met in the delivery of the project and any slippage in delivery of the programme to the milestones may result in the loss of grant funding.
- ED18 - Museum (£1.464m) and ED52 Public Realm Scheme (£1.616m) – These schemes have been removed from the programme (agreed at Council Jan 2021).
- 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.
- P5 – Walnut Bridge replacement (£1.9m) – works progressing timeframe for completion 12-18 months. This project is part grant funded from the Enterprise M3 Local Enterprise Partnership (LEP). As part of the grant funding agreement there are specific milestones that have to be met in the delivery of the project and any slippage in delivery of the programme to the milestones may result in the loss of grant funding.
- North Downs Housing (£2.051m) and Guildford Holding Ltd (£1.366m) – reprofiled for the purchase of further properties during financial year 2021-22.

#### **Provisional programme (Appendix 5)**

7.5 Expenditure on the provisional programme is expected to be £0.188 million, against the revised estimate of £83.184 million, representing a variance of £82.996 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 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 Gyrotory 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)
- North Street/ Bus Station relocation (£1m)

The above projects shown in bold italics are part or fully funded by external grants from either Homes England Housing Infrastructure Fund or Enterprise M3 LEP Growth Fund. In each case there is a funding agreement in place with the funding body which sets out specific delivery milestones which the projects will need to meet. Any failure to meet the delivery milestones could result in withdrawal of the funding agreement or the possibility that the Council will be liable to repay grant monies to the relevant funding body. As such, the Council needs to closely monitor the delivery of the projects to ensure that milestones are met and risks to funding are reduced. If funding for these projects is withdrawn then the full cost of the projects will fall on the Council and increase the Council's underlying need to borrow, interest and debt costs as a result.

#### **S106 (Appendix 6)**

7.7 Capital schemes funded from s106 developer contributions are expected to total £243,000. Developer contributions are time limited and if they are not used within the timescales to fund a capital project then they will need to be repaid to the developer. As a result, it is important that the Council closely monitors the S106 funds it has and puts plans in place to spend the contributions within the required timescales.

#### **Reserves (Appendix 7)**

7.8 Capital schemes funded from the Council's specific reserves. The outturn 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 £21.241 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 £10.188 million against a revised estimate of £16.771 million. Several projects are in progress. These include:

- Guildford Park – (£3.056m) this scheme is awaiting decision regarding progression of works and new planning approval and the complete budget for this scheme 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. (£2.806m has been reprofiled to future year)
- Various small site projects – (£3.662m) there is slippage on these projects. (£3.328m has been reprofiled to future years)
- Acquisitions of Land and Buildings – (£3.162m) spend is dependent on availability of sites, we are currently actively purchasing suitable properties to mitigate slippage on building projects and outturn is expected to be £4.96m (£1.8m has been reprofiled to current year from 2021-22)
- Major Repairs & Improvements - (6.416m) outturn is expected to be £4.167 million, the slippage is mainly due to COVID which has caused delays in work programme.

The Guildford Park, various small site new build projects and acquisition of land and buildings into the HRA is partially funded by receipts generated through Right to Buy (RTB) Sales of Council Houses. The council only has 3 years in which it can spend RTB receipts and can only fund 30% of the cost of replacement housing from RTB receipts. If the Council does not spend enough money on its Housing Investment Programme in order to utilise its RTB receipts within the timescales then they need to be repaid to government with interest at base rate plus 4%. The RTB schedule below details the amount of expenditure required to avoid repayment, the additional spend required in Q4 2020-21. The additional spend required should be mitigated by the Guildford Park scheme moving to the HRA programme and the acquisitions of properties. however, there remains a significant risk that repayment will be necessary in 2021-22 and future years if programme delivery continues to be significantly behind schedule.

| RTB AS AT END Q3 |               |                           |                 |                         |
|------------------|---------------|---------------------------|-----------------|-------------------------|
|                  | SPEND TO DATE | REQ SPEND DELTA<br>RETURN | SPEND REQ DELTA | CUMULATIVE<br>SPEND REQ |
|                  | £             | £                         |                 | £                       |
| Q3 20-21         | 29,560,160    | 25,990,808                |                 |                         |
| Q4 20-21         |               | 33,288,571                |                 | 3,728,411               |
| Q1 21-22         |               | 35,357,139                | 2,068,568       | 5,796,979               |
| Q2 21-22         |               | 35,778,456                | 421,317         | 6,218,296               |
| Q3 21-22         |               | 36,615,691                | 837,235         | 7,055,531               |
| Q4 21-22         |               | 38,752,084                | 2,136,393       | 9,191,924               |
| Q1 22-23         |               | 38,752,084                | -               | 9,191,924               |
| Q2 22-23         |               | 40,519,910                | 1,767,826       | 10,959,750              |
| Q3 22-23         |               | 42,756,607                | 2,236,697       | 13,196,447              |
| Q4 22-23         |               | 46,057,200                | 3,300,593       | 16,497,040              |
| Q1 23-24         |               | 46,057,200                | -               | 16,497,040              |
| Q2 23-24         |               | 47,700,469                | 1,643,268       | 18,140,309              |
| Q3 23-24         |               | 47,962,259                | 261,791         | 18,402,099              |

### 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 £0.250 million. The reprofiling of schemes has resulted in a lower level of expenditure on 2020-21.

- Guildford Park – (£7.548m) - this scheme is awaiting decision regarding progression of works and new planning approval. (£7.298m has been reprofiled to future years)
- Bright Hill & Redevelopment Bids – (5.697m) - reprofiled to future years

The two projects above are partially funded by RTB receipts there is a significant risk that repayment of RTB receipts will be necessary in 2021-22 and future years if project delivery continues to be significantly behind schedule.

### Housing Revenue Account Resources (Appendix 11)

7.12 Appendix 11 shows how the HRA capital programme is financed and the projected balances on reserves at the end of the financial year.

### Summary of Housing Revenue Account Capital Expenditure and Financing (Appendix 12)

7.13 The summary shows the overall expenditure and financing of the Housing Investment Programme and the Overall HRA Capital programme for the current financial year and how the projected expenditure relates on the Housing

Investment Programme relates to what is required to be spent as per the RTB model.

## **8 Consultations**

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

## **9 Equality and Diversity Implications**

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

## **10 Financial Implications**

- 10.1 The financial implications are contained throughout the report.

## **11 Legal Implications**

- 11.1 The Local Government Act 1972, Section 151 states that each local authority has a statutory duty to make arrangements for the proper administration of their financial affairs. In addition, the Accounts and Audit Regulations 2015 impose an explicit duty on the Council to ensure that financial management is adequate and effective and that they have a sound system of internal control, including arrangements for the management of risk.
- 11.2 Proper administration is not statutorily defined; however, there is guidance, issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) on the responsibilities of the Chief Financial 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 ten 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 2020 to January 2021 for the 2020-21 financial year.
- 14.2 Officers are currently projecting an increase in expenditure of £13,828,046 on the general fund revenue account. Mainly due to pressures on expenditure and income in relation to Covid-19.
- 14.3 The Chief Financial 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 £41.934 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 £21.241 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 January 2021, 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 11 – Housing Revenue Account resources  
Appendix 12 – Summary of HRA Capital Expenditure and Financing

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Appendix 1

| Draft Actual<br>2019-20<br>£ | GENERAL FUND SUMMARY  | Original<br>Estimate<br>2020-21<br>£ | Latest<br>Estimate<br>2020-21<br>£ | Projected<br>Outturn<br>2020-21<br>£ |
|------------------------------|---|--------------------------------------|------------------------------------|--------------------------------------|
|                              | 0 Strategy Directorate  | 0                                    | 1,960,517                          | 7,197,123                            |
|                              | 0 Services Directorate  | 0                                    | 17,925,315                         | 25,080,721                           |
|                              | 0 Resources Directorate   | 0                                    | 7,249,347                          | 12,004,636                           |
| 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                                    |
| <b>43,888,682</b>            | <b>Total Directorate Level</b>  | <b>26,988,390</b>                    | <b>27,135,179</b>                  | <b>44,282,480</b>                    |
|                              | 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                           |
| <b>17,287,107</b>            | <b>Directorate Level excluding depreciation</b>                           | <b>16,667,135</b>                    | <b>18,321,349</b>                  | <b>35,468,650</b>                    |
| -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                                    |
|                              | <b>Revenue Contributions to Capital Outlay (RCCO)</b>                     |                                      |                                    |                                      |
| 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                                    |
| <b>20,552,732</b>            | <b>Total before transfers to and from reserves</b>                        | <b>18,201,921</b>                    | <b>19,856,135</b>                  | <b>38,597,879</b>                    |
| (from)                       | <b>Transfers to and from reserves</b>                                     |                                      |                                    |                                      |
| to                           | Capital Schemes reserve   |                                      |                                    |                                      |
| -893,630                     | Funding of Revenue Contribution to Capital Outlay<br>Contribution in year | 0                                    | 0                                  | 0                                    |
| -174,269                     | Budget Pressures reserve  | 0                                    | 0                                  | -448,000                             |
| -2,103,206                   | Business Rates Equalisation reserve                                       | -1,274,014                           | -1,274,013                         | -3,491,013                           |
| -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                            | -2,229,900                           |
| -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                           | 917,121                              |
| <b>12,184,540</b>            | <b>Total after transfers to and from reserves</b>                         | <b>17,598,769</b>                    | <b>19,252,985</b>                  | <b>33,261,474</b>                    |
|                              | <b>Business Rates Retention Scheme payments</b>                           |                                      |                                    |                                      |
| 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                                    |
|                              | <b>Non specific government grants</b>                                     |                                      |                                    |                                      |
| -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                             |
| <b>41,410,493</b>            | <b>GUILDFORD BOROUGH COUNCIL NET BUDGET</b>                               | <b>48,718,973</b>                    | <b>50,373,189</b>                  | <b>64,381,678</b>                    |
| 1,740,697                    | Parish Council Precepts   | 1,741,000                            | 1,741,000                          | 1,741,000                            |
| <b>43,151,190</b>            | <b>TOTAL NET BUDGET</b>   | <b>50,459,973</b>                    | <b>52,114,189</b>                  | <b>66,122,678</b>                    |
| -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                                    |
| <b>9,789,027</b>             | <b>COUNCIL TAX REQUIREMENT</b>  | <b>11,933,858</b>                    | <b>13,588,074</b>                  | <b>27,596,563</b>                    |
|                              | <b>Projected (under)/over spend</b>                                       |                                      |                                    | <b>14,008,489</b>                    |
|                              | <b>Movement in MRP and External Interest</b>                              |                                      |                                    | <b>180,443</b>                       |
|                              | <b>Underlying (under) / overspend on services</b>                         |                                      |                                    | <b>13,828,046</b>                    |

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## Revenue Account - Service Detail

Report Date: 11/03/2021

### RESOURCE - Resources Directorate

#### Directorate Summary

|   | Revised Budget     | Projected Outturn | Variance         |
|---|--------------------|-------------------|------------------|
| Direct Expenditure                                      | 7,631,137          | 11,694,731        | 4,063,593        |
| Income  | (10,396,020)       | (12,027,167)      | (1,631,147)      |
| <b>Total Directly Controllable (Income)/Expenditure</b> | <b>(2,764,883)</b> | <b>(332,437)</b>  | <b>2,432,446</b> |
| Indirect Expenditure                                    | 10,014,230         | 12,337,073        | 2,322,843        |
| <b>Net (Income)/Expenditure</b>                         | <b>7,249,347</b>   | <b>12,004,636</b> | <b>4,755,289</b> |

| Service: Resources Caseworker                           | Revised Budget     | Projected Outturn  | Variance       |
|---|--------------------|--------------------|----------------|
| Direct Expenditure                                      | 1,738,640          | 1,772,016          | 33,376         |
| Income  | (3,153,550)        | (3,129,271)        | 24,279         |
| <b>Total Directly Controllable (Income)/Expenditure</b> | <b>(1,414,910)</b> | <b>(1,357,256)</b> | <b>57,654</b>  |
| Indirect Expenditure                                    | 955,900            | 1,111,078          | 155,178        |
| <b>Net (Income)/Expenditure</b>                         | <b>(459,010)</b>   | <b>(246,178)</b>   | <b>212,832</b> |

#### Service Comments:

Salary costs were pro-rated from August 2020 when the cost centre was created, however other costs have been transferred from budget codes that were charged for staff in earlier periods prior to August without the associated budget so budget is not reflective of overall budget for staffing.

| Service: Corporate Financial                            | Revised Budget | Projected Outturn | Variance      |
|---|----------------|-------------------|---------------|
| Direct Expenditure                                      | 175,380        | 229,354           | 53,974        |
| Income  | (150,000)      | (150,000)         | 0             |
| <b>Total Directly Controllable (Income)/Expenditure</b> | <b>25,380</b>  | <b>79,354</b>     | <b>53,974</b> |
| Indirect Expenditure                                    | 252,000        | 251,943           | (57)          |
| <b>Net (Income)/Expenditure</b>                         | <b>277,380</b> | <b>331,297</b>    | <b>53,917</b> |

#### Service Comments:

| Service: Corporate Services                             | Revised Budget   | Projected Outturn | Variance       |
|---|------------------|-------------------|----------------|
| Direct Expenditure                                      | 449,170          | 770,633           | 321,463        |
| Income  | (121,200)        | (121,200)         | 0              |
| <b>Total Directly Controllable (Income)/Expenditure</b> | <b>327,970</b>   | <b>649,433</b>    | <b>321,463</b> |
| Indirect Expenditure                                    | 687,490          | 677,595           | (9,896)        |
| <b>Net (Income)/Expenditure</b>                         | <b>1,015,460</b> | <b>1,327,027</b>  | <b>311,567</b> |

#### Service Comments:

There was a salary reallocation to take account of miscodings in the past period, due to Phase A the salary budgets are not in the correct areas.



## Revenue Account - Service Detail

Report Date: 11/03/2021

### RESOURCE - Resources Directorate

| Service: Feasibility Studies                            | Revised Budget | Projected Outturn | Variance        |
|---|----------------|-------------------|-----------------|
| Direct Expenditure                                      | 40,000         | 4,017             | (35,983)        |
| <b>Total Directly Controllable (Income)/Expenditure</b> | <b>40,000</b>  | <b>4,017</b>      | <b>(35,983)</b> |
| Indirect Expenditure                                    | 470            | 470               | 0               |
| <b>Net (Income)/Expenditure</b>                         | <b>40,470</b>  | <b>4,487</b>      | <b>(35,983)</b> |

**Service Comments:**

| Service: Lead Specialist - Finance                      | Revised Budget   | Projected Outturn | Variance       |
|---|------------------|-------------------|----------------|
| Direct Expenditure                                      | 865,330          | 1,157,543         | 292,213        |
| Income  | (1,056,230)      | (1,056,230)       | 0              |
| <b>Total Directly Controllable (Income)/Expenditure</b> | <b>(190,900)</b> | <b>101,313</b>    | <b>292,213</b> |
| Indirect Expenditure                                    | 143,610          | 139,583           | (4,027)        |
| <b>Net (Income)/Expenditure</b>                         | <b>(47,290)</b>  | <b>240,896</b>    | <b>288,186</b> |

**Service Comments:**

Agency costs incurred as a result of a vacant post is higher than the budget for the substantive post and salary allocations do not match budget.

| Service: Lead Specialist - HR                           | Revised Budget   | Projected Outturn | Variance       |
|---|------------------|-------------------|----------------|
| Direct Expenditure                                      | 415,970          | 619,634           | 203,664        |
| Income  | (702,210)        | (702,210)         | 0              |
| <b>Total Directly Controllable (Income)/Expenditure</b> | <b>(286,240)</b> | <b>(82,576)</b>   | <b>203,664</b> |
| Indirect Expenditure                                    | 109,490          | 84,514            | (24,976)       |
| <b>Net (Income)/Expenditure</b>                         | <b>(176,750)</b> | <b>1,938</b>      | <b>178,688</b> |

**Service Comments:**

| Service: Lead Specialist - ICT                          | Revised Budget   | Projected Outturn | Variance       |
|---|------------------|-------------------|----------------|
| Direct Expenditure                                      | 1,277,090        | 1,559,906         | 282,816        |
| Income  | (1,526,670)      | (1,527,170)       | (500)          |
| <b>Total Directly Controllable (Income)/Expenditure</b> | <b>(249,580)</b> | <b>32,736</b>     | <b>282,316</b> |
| Indirect Expenditure                                    | 291,780          | 419,535           | 127,755        |
| <b>Net (Income)/Expenditure</b>                         | <b>42,200</b>    | <b>452,271</b>    | <b>410,071</b> |

**Service Comments:**

Business systems are paid for by relevant business area unless there is no obvious system owner. Forecast overspend is largely driven by a Lead Specialist vacancy in ICT through the first half of the year, plus external support bought in for ERP "Business World" and the ICT Windows 10 rollout project: System Administrator role backfill and post-project Defect fixing and enhancement delivery, for ERP 'Business World' (£122k) Consultancy support of Windows 10/laptop rollout and associated access tidy-up works (£68k) Consultant to backfill ICT Lead Specialist vacancy and costs to recruit new lead (£59k).



## Revenue Account - Service Detail

Report Date: 11/03/2021

### RESOURCE - Resources Directorate

| Service: <b>Lead Specialist - Information Governance</b> | Revised Budget | Projected Outturn | Variance      |
|--|----------------|-------------------|---------------|
| Direct Expenditure                                       | 69,020         | 86,841            | 17,821        |
| Income   | (72,610)       | (72,610)          | 0             |
| <b>Total Directly Controllable (Income)/Expenditure</b>  | <b>(3,590)</b> | <b>14,231</b>     | <b>17,821</b> |
| Indirect Expenditure                                     | 7,920          | 7,862             | (58)          |
| <b>Net (Income)/Expenditure</b>                          | <b>4,330</b>   | <b>22,092</b>     | <b>17,762</b> |

**Service Comments:**

| Service: <b>Insurance Revenue Account</b>               | Revised Budget | Projected Outturn | Variance       |
|---|----------------|-------------------|----------------|
| Direct Expenditure                                      | 826,490        | 838,282           | 11,792         |
| Income  | (832,710)      | (153,344)         | 679,366        |
| <b>Total Directly Controllable (Income)/Expenditure</b> | <b>(6,220)</b> | <b>684,937</b>    | <b>691,157</b> |
| Indirect Expenditure                                    | 6,220          | 6,220             | 0              |
| <b>Net (Income)/Expenditure</b>                         | <b>0</b>       | <b>691,157</b>    | <b>691,157</b> |

**Service Comments:**

*The insurance revenue account will be recharged across services at the end of the financial year.*

| Service: <b>ICT Investment and Renewal Fund</b>         | Revised Budget   | Projected Outturn | Variance |
|---|------------------|-------------------|----------|
| Income  | (893,250)        | (893,250)         | 0        |
| <b>Total Directly Controllable (Income)/Expenditure</b> | <b>(893,250)</b> | <b>(893,250)</b>  | <b>0</b> |
| Indirect Expenditure                                    | 914,440          | 914,440           | 0        |
| <b>Net (Income)/Expenditure</b>                         | <b>21,190</b>    | <b>21,190</b>     | <b>0</b> |

**Service Comments:**

| Service: <b>Lead Specialist - Legal</b>                 | Revised Budget   | Projected Outturn | Variance       |
|---|------------------|-------------------|----------------|
| Direct Expenditure                                      | 933,160          | 993,015           | 59,855         |
| Income  | (1,404,720)      | (1,322,948)       | 81,772         |
| <b>Total Directly Controllable (Income)/Expenditure</b> | <b>(471,560)</b> | <b>(329,933)</b>  | <b>141,627</b> |
| Indirect Expenditure                                    | 244,960          | 198,821           | (46,139)       |
| <b>Net (Income)/Expenditure</b>                         | <b>(226,600)</b> | <b>(131,112)</b>  | <b>95,488</b>  |

**Service Comments:**

| Service: <b>Miscellaneous Expenses</b>                  | Revised Budget | Projected Outturn | Variance         |
|---|----------------|-------------------|------------------|
| Direct Expenditure                                      | 323,727        | 3,322,607         | 2,998,880        |
| Income  | (15,240)       | (2,344,507)       | (2,329,267)      |
| <b>Total Directly Controllable (Income)/Expenditure</b> | <b>308,487</b> | <b>978,101</b>    | <b>669,613</b>   |
| Indirect Expenditure                                    | 612,130        | 1,134,607         | 522,477          |
| <b>Net (Income)/Expenditure</b>                         | <b>920,617</b> | <b>2,112,707</b>  | <b>1,192,090</b> |

**Service Comments:**

*A significant amount of income has been received from Central Government over the past two months, some of which is directly passed on to business and will reduce the amount shown in this area. Work is underway to identify the income that will help offset our own pressures.*



## Revenue Account - Service Detail

Report Date: 11/03/2021

### RESOURCE - Resources Directorate

| Service: <b>Other Employee Costs</b>                    | Revised Budget | Projected Outturn | Variance         |
|---|----------------|-------------------|------------------|
| Direct Expenditure                                      | 517,160        | 340,884           | (176,276)        |
| Income  | (467,630)      | (554,427)         | (86,797)         |
| <b>Total Directly Controllable (Income)/Expenditure</b> | <b>49,530</b>  | <b>(213,542)</b>  | <b>(263,072)</b> |
| Indirect Expenditure                                    | 50,160         | 49,710            | (450)            |
| <b>Net (Income)/Expenditure</b>                         | <b>99,690</b>  | <b>(163,832)</b>  | <b>(263,522)</b> |

**Service Comments:**

| Service: <b>Unallocatable Central Overhead</b> | Revised Budget   | Projected Outturn | Variance         |
|--|------------------|-------------------|------------------|
| Indirect Expenditure                           | 5,737,660        | 7,340,697         | 1,603,037        |
| <b>Net (Income)/Expenditure</b>                | <b>5,737,660</b> | <b>7,340,697</b>  | <b>1,603,037</b> |

**Service Comments:**

*Pension cost has been incurred for 3 years, there is a below the line transfer from reserves to cover this cost.*





**Revenue Account - Service Detail**

Report Date: 11/03/2021

**SERVICES - Service Delivery Directorate**

**Directorate Summary**

|   | <u>Revised Budget</u> | <u>Projected Outturn</u> | <u>Variance</u>  |
|---|-----------------------|--------------------------|------------------|
| Direct Expenditure                                      | 66,522,575            | 62,589,994               | (3,932,581)      |
| Income  | (63,017,260)          | (51,969,960)             | 11,047,300       |
| <b>Total Directly Controllable (Income)/Expenditure</b> | <b>3,505,315</b>      | <b>10,620,034</b>        | <b>7,114,719</b> |
| Indirect Expenditure                                    | 14,420,000            | 14,460,687               | 40,687           |
| <b>Net (Income)/Expenditure</b>                         | <b>17,925,315</b>     | <b>25,080,721</b>        | <b>7,155,406</b> |

| Service: <b>Building Control</b>                        | <u>Revised Budget</u> | <u>Projected Outturn</u> | <u>Variance</u> |
|---|-----------------------|--------------------------|-----------------|
| Direct Expenditure                                      | 742,240               | 833,415                  | 91,175          |
| Income  | (503,500)             | (332,232)                | 171,268         |
| <b>Total Directly Controllable (Income)/Expenditure</b> | <b>238,740</b>        | <b>501,183</b>           | <b>262,443</b>  |
| Indirect Expenditure                                    | 127,090               | 122,862                  | (4,228)         |
| <b>Net (Income)/Expenditure</b>                         | <b>365,830</b>        | <b>624,045</b>           | <b>258,215</b>  |

**Service Comments:**

Agency and consultants costs covering posts which will be shortly resolved due to appointments post FG phase B. BC fees down due to difficult business conditions and covid.

| Service: <b>Building Maintenance</b>                    | <u>Revised Budget</u> | <u>Projected Outturn</u> | <u>Variance</u> |
|---|-----------------------|--------------------------|-----------------|
| Direct Expenditure                                      | 3,745,510             | 3,650,111                | (95,399)        |
| Income  | (4,058,890)           | (3,963,275)              | 95,615          |
| <b>Total Directly Controllable (Income)/Expenditure</b> | <b>(313,380)</b>      | <b>(313,165)</b>         | <b>215</b>      |
| Indirect Expenditure                                    | 361,250               | 334,772                  | (26,478)        |
| <b>Net (Income)/Expenditure</b>                         | <b>47,870</b>         | <b>21,607</b>            | <b>(26,263)</b> |

**Service Comments:**

| Service: <b>Business Rates</b>                          | <u>Revised Budget</u> | <u>Projected Outturn</u> | <u>Variance</u> |
|---|-----------------------|--------------------------|-----------------|
| Direct Expenditure                                      | 193,050               | 202,845                  | 9,795           |
| Income  | (258,910)             | (64,410)                 | 194,500         |
| <b>Total Directly Controllable (Income)/Expenditure</b> | <b>(65,860)</b>       | <b>138,435</b>           | <b>204,295</b>  |
| Indirect Expenditure                                    | 42,940                | 42,804                   | (136)           |
| <b>Net (Income)/Expenditure</b>                         | <b>(22,920)</b>       | <b>181,239</b>           | <b>204,159</b>  |

**Service Comments:**

COVID has affected recovery and the income and expenditure that results from Court action. Other expenditure will be incurred at annual billing.



## Revenue Account - Service Detail

Report Date: 11/03/2021

### SERVICES - Service Delivery Directorate

| Service: Traveller Caravan Sites                        | Revised Budget   | Projected Outturn | Variance       |
|---|------------------|-------------------|----------------|
| Direct Expenditure                                      | 106,530          | 58,838            | (47,692)       |
| Income  | (210,090)        | (40,649)          | 169,441        |
| <b>Total Directly Controllable (Income)/Expenditure</b> | <b>(103,560)</b> | <b>18,189</b>     | <b>121,749</b> |
| Indirect Expenditure                                    | 25,520           | 10,615            | (14,905)       |
| <b>Net (Income)/Expenditure</b>                         | <b>(78,040)</b>  | <b>28,804</b>     | <b>106,844</b> |

Service Comments:

| Service: Town Centre CCTV                               | Revised Budget | Projected Outturn | Variance        |
|---|----------------|-------------------|-----------------|
| Direct Expenditure                                      | 80,370         | 66,662            | (13,708)        |
| <b>Total Directly Controllable (Income)/Expenditure</b> | <b>80,370</b>  | <b>66,662</b>     | <b>(13,708)</b> |
| Indirect Expenditure                                    | 20,330         | 19,390            | (940)           |
| <b>Net (Income)/Expenditure</b>                         | <b>100,700</b> | <b>86,052</b>     | <b>(14,648)</b> |

Service Comments:

| Service: Cemeteries                                     | Revised Budget | Projected Outturn | Variance        |
|---|----------------|-------------------|-----------------|
| Direct Expenditure                                      | 223,120        | 169,965           | (53,155)        |
| Income  | (78,230)       | (69,025)          | 9,205           |
| <b>Total Directly Controllable (Income)/Expenditure</b> | <b>144,890</b> | <b>100,940</b>    | <b>(43,950)</b> |
| Indirect Expenditure                                    | 98,090         | 86,817            | (11,273)        |
| <b>Net (Income)/Expenditure</b>                         | <b>242,980</b> | <b>187,757</b>    | <b>(55,223)</b> |

Service Comments:

Generally on budget for the year

| Service: Civil Emergencies                              | Revised Budget | Projected Outturn | Variance       |
|---|----------------|-------------------|----------------|
| Direct Expenditure                                      | 56,480         | 54,632            | (1,848)        |
| <b>Total Directly Controllable (Income)/Expenditure</b> | <b>56,480</b>  | <b>54,632</b>     | <b>(1,848)</b> |
| Indirect Expenditure                                    | 4,960          | 4,490             | (470)          |
| <b>Net (Income)/Expenditure</b>                         | <b>61,440</b>  | <b>59,122</b>     | <b>(2,318)</b> |

Service Comments:



## Revenue Account - Service Detail

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### SERVICES - Service Delivery Directorate

| Service: Crematorium                                    | Revised Budget   | Projected Outturn | Variance       |
|---|------------------|-------------------|----------------|
| Direct Expenditure                                      | 700,960          | 691,676           | (9,284)        |
| Income  | (1,697,210)      | (1,555,066)       | 142,144        |
| <b>Total Directly Controllable (Income)/Expenditure</b> | <b>(996,250)</b> | <b>(863,390)</b>  | <b>132,860</b> |
| Indirect Expenditure                                    | 179,390          | 451,609           | 272,219        |
| <b>Net (Income)/Expenditure</b>                         | <b>(816,860)</b> | <b>(411,781)</b>  | <b>405,079</b> |

**Service Comments:**

The service has incurred around £20,000 of additional costs due to covid. In addition, the new cremator maintenance contract is not yet signed. The new build has resulted in an increase in depreciation costs of £263,670.

| Service: Council Tax                                    | Revised Budget | Projected Outturn | Variance       |
|---|----------------|-------------------|----------------|
| Direct Expenditure                                      | 657,630        | 710,382           | 52,752         |
| Income  | (290,000)      | (159,169)         | 130,831        |
| <b>Total Directly Controllable (Income)/Expenditure</b> | <b>367,630</b> | <b>551,212</b>    | <b>183,582</b> |
| Indirect Expenditure                                    | 164,780        | 150,683           | (14,097)       |
| <b>Net (Income)/Expenditure</b>                         | <b>532,410</b> | <b>701,895</b>    | <b>169,485</b> |

**Service Comments:**

COVID has reduced recovery action. This has a consequence on expenditure on court costs and income from recovered costs. COVID has reduced expenditure on inspections and attendance on training courses as these have been substantially suspended. Some costs linked to annual billing will only occur in the last quarter.

| Service: Customer Services                              | Revised Budget   | Projected Outturn | Variance      |
|---|------------------|-------------------|---------------|
| Direct Expenditure                                      | 297,910          | 333,763           | 35,853        |
| Income  | (453,570)        | (453,570)         | 0             |
| <b>Total Directly Controllable (Income)/Expenditure</b> | <b>(155,660)</b> | <b>(119,807)</b>  | <b>35,853</b> |
| Indirect Expenditure                                    | 87,710           | 90,791            | 3,081         |
| <b>Net (Income)/Expenditure</b>                         | <b>(67,950)</b>  | <b>(29,016)</b>   | <b>38,934</b> |

**Service Comments:**

| Service: Day Services                                   | Revised Budget | Projected Outturn | Variance       |
|---|----------------|-------------------|----------------|
| Direct Expenditure                                      | 452,640        | 566,839           | 114,199        |
| Income  | (160,610)      | (81,161)          | 79,449         |
| <b>Total Directly Controllable (Income)/Expenditure</b> | <b>292,030</b> | <b>485,679</b>    | <b>193,649</b> |
| Indirect Expenditure                                    | 266,330        | 205,064           | (61,266)       |
| <b>Net (Income)/Expenditure</b>                         | <b>558,360</b> | <b>690,743</b>    | <b>132,383</b> |

**Service Comments:**



## Revenue Account - Service Detail

Report Date: 11/03/2021

### SERVICES - Service Delivery Directorate

| Service: <b>Development Control</b>                     | Revised Budget | Projected Outturn | Variance       |
|---|----------------|-------------------|----------------|
| Direct Expenditure                                      | 1,986,030      | 2,308,152         | 322,122        |
| Income  | (1,753,380)    | (1,543,440)       | 209,940        |
| <b>Total Directly Controllable (Income)/Expenditure</b> | <b>232,650</b> | <b>764,712</b>    | <b>532,062</b> |
| Indirect Expenditure                                    | 597,810        | 601,552           | 3,742          |
| <b>Net (Income)/Expenditure</b>                         | <b>830,460</b> | <b>1,366,264</b>  | <b>535,804</b> |

**Service Comments:**

Fees are under budget due to covid situation. although the business remains strong. Over on agency to cover off vacant posts. Planning appeals expenses aren't budgeted for although costs are recovered where PI are withdrawn.

| Service: <b>Digital Services</b>                        | Revised Budget | Projected Outturn | Variance      |
|---|----------------|-------------------|---------------|
| Direct Expenditure                                      | 209,520        | 259,326           | 49,806        |
| <b>Total Directly Controllable (Income)/Expenditure</b> | <b>209,520</b> | <b>259,326</b>    | <b>49,806</b> |
| Indirect Expenditure                                    | 29,250         | 30,167            | 917           |
| <b>Net (Income)/Expenditure</b>                         | <b>238,770</b> | <b>289,493</b>    | <b>50,723</b> |

**Service Comments:**

| Service: <b>Emergency Communications</b>                | Revised Budget   | Projected Outturn | Variance     |
|---|------------------|-------------------|--------------|
| Direct Expenditure                                      | 257,470          | 230,216           | (27,254)     |
| Income  | (451,430)        | (415,718)         | 35,712       |
| <b>Total Directly Controllable (Income)/Expenditure</b> | <b>(193,960)</b> | <b>(185,502)</b>  | <b>8,458</b> |
| Indirect Expenditure                                    | 70,170           | 69,894            | (276)        |
| <b>Net (Income)/Expenditure</b>                         | <b>(123,790)</b> | <b>(115,608)</b>  | <b>8,182</b> |

**Service Comments:**

One change to budget as order to be placed for equipment of approximately £10,000.

| Service: <b>EMI Services</b>                            | Revised Budget | Projected Outturn | Variance      |
|---|----------------|-------------------|---------------|
| Direct Expenditure                                      | 188,310        | 249,555           | 61,245        |
| Income  | (129,340)      | (92,163)          | 37,177        |
| <b>Total Directly Controllable (Income)/Expenditure</b> | <b>58,970</b>  | <b>157,392</b>    | <b>98,422</b> |
| Indirect Expenditure                                    | 52,400         | 50,425            | (1,975)       |
| <b>Net (Income)/Expenditure</b>                         | <b>111,370</b> | <b>207,817</b>    | <b>96,447</b> |

**Service Comments:**

| Service: <b>Engineering and Transportation Services</b> | Revised Budget   | Projected Outturn | Variance      |
|---|------------------|-------------------|---------------|
| Direct Expenditure                                      | 293,000          | 214,575           | (78,425)      |
| Income  | (398,170)        | (253,943)         | 144,227       |
| <b>Total Directly Controllable (Income)/Expenditure</b> | <b>(105,170)</b> | <b>(39,368)</b>   | <b>65,802</b> |
| Indirect Expenditure                                    | 63,600           | 61,514            | (2,086)       |
| <b>Net (Income)/Expenditure</b>                         | <b>(41,570)</b>  | <b>22,145</b>     | <b>63,715</b> |

**Service Comments:**



## Revenue Account - Service Detail

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### SERVICES - Service Delivery Directorate

| Service: Environmental Health                           | Revised Budget | Projected Outturn | Variance       |
|---|----------------|-------------------|----------------|
| Direct Expenditure                                      | 584,110        | 770,410           | 186,300        |
| Income  | (107,830)      | (60,211)          | 47,619         |
| <b>Total Directly Controllable (Income)/Expenditure</b> | <b>476,280</b> | <b>710,199</b>    | <b>233,919</b> |
| Indirect Expenditure                                    | 277,260        | 284,727           | 7,467          |
| <b>Net (Income)/Expenditure</b>                         | <b>753,540</b> | <b>994,926</b>    | <b>241,386</b> |

**Service Comments:**

Salary allocations and expenditure being investigated as showing an overspend.

| Service: Family Support Programme                       | Revised Budget | Projected Outturn | Variance      |
|---|----------------|-------------------|---------------|
| Direct Expenditure                                      | 432,760        | 476,161           | 43,401        |
| Income  | (421,900)      | (379,848)         | 42,052        |
| <b>Total Directly Controllable (Income)/Expenditure</b> | <b>10,860</b>  | <b>96,313</b>     | <b>85,453</b> |
| Indirect Expenditure                                    | 95,410         | 96,027            | 617           |
| <b>Net (Income)/Expenditure</b>                         | <b>106,270</b> | <b>192,340</b>    | <b>86,070</b> |

**Service Comments:**

The income for FSP comes from SCC and is dependent on us signing the service level agreement. This has to be approved by Joint Committee on 17 March. Following their agreement we will receive payment. A letter of confirmation of funding from Surrey has been received.

| Service: Fleet Management                               | Revised Budget     | Projected Outturn  | Variance       |
|---|--------------------|--------------------|----------------|
| Direct Expenditure                                      | 840,480            | 500,934            | (339,546)      |
| Income  | (2,580,460)        | (2,091,566)        | 488,894        |
| <b>Total Directly Controllable (Income)/Expenditure</b> | <b>(1,739,980)</b> | <b>(1,590,632)</b> | <b>149,348</b> |
| Indirect Expenditure                                    | 1,755,100          | 1,605,675          | (149,425)      |
| <b>Net (Income)/Expenditure</b>                         | <b>15,120</b>      | <b>15,043</b>      | <b>(77)</b>    |

**Service Comments:**

| Service: Food Safety                                    | Revised Budget | Projected Outturn | Variance        |
|---|----------------|-------------------|-----------------|
| Direct Expenditure                                      | 311,260        | 301,990           | (9,270)         |
| Income  | (1,580)        | (40,727)          | (39,147)        |
| <b>Total Directly Controllable (Income)/Expenditure</b> | <b>309,680</b> | <b>261,263</b>    | <b>(48,417)</b> |
| Indirect Expenditure                                    | 65,390         | 65,676            | 286             |
| <b>Net (Income)/Expenditure</b>                         | <b>375,070</b> | <b>326,939</b>    | <b>(48,131)</b> |

**Service Comments:**

There is an underspend in the food safety budget due to a salary saving on a vacant post. The post has not been backfilled with agency as planned as unable to conduct inspections due to covid-19 for significant period of the year.



## Revenue Account - Service Detail

Report Date: 11/03/2021

### SERVICES - Service Delivery Directorate

| Service: <b>Guildford House</b>                         | Revised Budget | Projected Outturn | Variance        |
|---|----------------|-------------------|-----------------|
| Direct Expenditure                                      | 345,890        | 238,309           | (107,581)       |
| Income  | (83,330)       | (33,184)          | 50,146          |
| <b>Total Directly Controllable (Income)/Expenditure</b> | <b>262,560</b> | <b>205,125</b>    | <b>(57,435)</b> |
| Indirect Expenditure                                    | 137,120        | 131,108           | (6,012)         |
| <b>Net (Income)/Expenditure</b>                         | <b>399,680</b> | <b>336,233</b>    | <b>(63,447)</b> |

**Service Comments:**

| Service: <b>Guildhall</b>                               | Revised Budget | Projected Outturn | Variance        |
|---|----------------|-------------------|-----------------|
| Direct Expenditure                                      | 109,940        | 80,685            | (29,255)        |
| Income  | (39,060)       | (14,482)          | 24,578          |
| <b>Total Directly Controllable (Income)/Expenditure</b> | <b>70,880</b>  | <b>66,203</b>     | <b>(4,677)</b>  |
| Indirect Expenditure                                    | 75,570         | 50,693            | (24,877)        |
| <b>Net (Income)/Expenditure</b>                         | <b>146,450</b> | <b>116,896</b>    | <b>(29,554)</b> |

**Service Comments:**

| Service: <b>Housing Benefits</b>                        | Revised Budget | Projected Outturn | Variance       |
|---|----------------|-------------------|----------------|
| Direct Expenditure                                      | 28,583,160     | 26,270,964        | (2,312,196)    |
| Income  | (28,374,100)   | (25,902,040)      | 2,472,060      |
| <b>Total Directly Controllable (Income)/Expenditure</b> | <b>209,060</b> | <b>368,924</b>    | <b>159,864</b> |
| Indirect Expenditure                                    | 227,190        | 221,325           | (5,865)        |
| <b>Net (Income)/Expenditure</b>                         | <b>436,250</b> | <b>590,250</b>    | <b>154,000</b> |

**Service Comments:**

COVID has affected some activities - training and external checking. Some expenditure is linked to annual uprating and will be in the last quarter.

| Service: <b>Corporate Health and Safety</b>             | Revised Budget | Projected Outturn | Variance     |
|---|----------------|-------------------|--------------|
| Direct Expenditure                                      | 146,490        | 145,707           | (783)        |
| Income  | (156,330)      | (155,497)         | 833          |
| <b>Total Directly Controllable (Income)/Expenditure</b> | <b>(9,840)</b> | <b>(9,790)</b>    | <b>50</b>    |
| Indirect Expenditure                                    | 19,040         | 18,823            | (217)        |
| <b>Net (Income)/Expenditure</b>                         | <b>9,200</b>   | <b>9,034</b>      | <b>(166)</b> |

**Service Comments:**



## Revenue Account - Service Detail

Report Date: 11/03/2021

### SERVICES - Service Delivery Directorate

| Service: Homelessness Support                           | Revised Budget | Projected Outturn | Variance         |
|---|----------------|-------------------|------------------|
| Direct Expenditure                                      | 783,220        | 963,620           | 180,400          |
| Income  | (35,000)       | (791,740)         | (756,740)        |
| <b>Total Directly Controllable (Income)/Expenditure</b> | <b>748,220</b> | <b>171,880</b>    | <b>(576,340)</b> |
| Indirect Expenditure                                    | 109,670        | 110,524           | 854              |
| <b>Net (Income)/Expenditure</b>                         | <b>857,890</b> | <b>282,405</b>    | <b>(575,485)</b> |

**Service Comments:**

Unspent Central Government grant funding will be either carried forward into the following financial year, or transferred into the reserve to support future homelessness prevention.

Extra costs due 'Everyone in' directive . Extra costs for winter weather being met by short term funding until 31 March 2021. Have been awarded an additional winter weather grant. May be future overspend due to embargo on evictions from the private rented sector. Due to more local Domestic abuse cases remaining in their homes due to pandemic likely to be an overspend. Costs related to the Sanctuary scheme will be met by the Flexible Homeless Grant (FHG). This budget will need to be reviewed due to implementation of Domestic Abuse Bill April 2021.

| Service: Housing Advice                                 | Revised Budget | Projected Outturn | Variance    |
|---|----------------|-------------------|-------------|
| Direct Expenditure                                      | 350,070        | 350,012           | (58)        |
| <b>Total Directly Controllable (Income)/Expenditure</b> | <b>350,070</b> | <b>350,012</b>    | <b>(58)</b> |
| Indirect Expenditure                                    | 90             | 165               | 75          |
| <b>Net (Income)/Expenditure</b>                         | <b>350,160</b> | <b>350,177</b>    | <b>17</b>   |

**Service Comments:**

| Service: Affordable Housing                             | Revised Budget | Projected Outturn | Variance      |
|---|----------------|-------------------|---------------|
| Direct Expenditure                                      | 89,670         | 113,173           | 23,503        |
| <b>Total Directly Controllable (Income)/Expenditure</b> | <b>89,670</b>  | <b>113,173</b>    | <b>23,503</b> |
| Indirect Expenditure                                    | 24,520         | 24,303            | (217)         |
| <b>Net (Income)/Expenditure</b>                         | <b>114,190</b> | <b>137,476</b>    | <b>23,286</b> |

**Service Comments:**

Temporary cover for Housing Development Post until recruitment. To be completed by 31./03 end of FG transition. Increases in valuation and survey costs due to additional properties purchased under NSAP bid.

| Service: Housing Surveying                              | Revised Budget   | Projected Outturn | Variance      |
|---|------------------|-------------------|---------------|
| Direct Expenditure                                      | 672,960          | 668,514           | (4,446)       |
| Income  | (781,550)        | (683,380)         | 98,170        |
| <b>Total Directly Controllable (Income)/Expenditure</b> | <b>(108,590)</b> | <b>(14,866)</b>   | <b>93,724</b> |
| Indirect Expenditure                                    | 108,350          | 107,177           | (1,173)       |
| <b>Net (Income)/Expenditure</b>                         | <b>(240)</b>     | <b>92,311</b>     | <b>92,551</b> |

**Service Comments:**





**Revenue Account - Service Detail**

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**SERVICES - Service Delivery Directorate**

| Service: Land Charges                                   | Revised Budget  | Projected Outturn | Variance        |
|---|-----------------|-------------------|-----------------|
| Direct Expenditure                                      | 218,770         | 209,645           | (9,125)         |
| Income  | (266,060)       | (283,953)         | (17,893)        |
| <b>Total Directly Controllable (Income)/Expenditure</b> | <b>(47,290)</b> | <b>(74,308)</b>   | <b>(27,018)</b> |
| Indirect Expenditure                                    | 33,620          | 32,528            | (1,092)         |
| <b>Net (Income)/Expenditure</b>                         | <b>(13,670)</b> | <b>(41,780)</b>   | <b>(28,110)</b> |

**Service Comments:**

| Service: Land Drainage                                  | Revised Budget | Projected Outturn | Variance         |
|---|----------------|-------------------|------------------|
| Direct Expenditure                                      | 320            | 65                | (255)            |
| <b>Total Directly Controllable (Income)/Expenditure</b> | <b>320</b>     | <b>65</b>         | <b>(255)</b>     |
| Indirect Expenditure                                    | 294,650        | 167,465           | (127,185)        |
| <b>Net (Income)/Expenditure</b>                         | <b>294,970</b> | <b>167,530</b>    | <b>(127,440)</b> |

**Service Comments:**

| Service: Leisure and Community                          | Revised Budget | Projected Outturn | Variance        |
|---|----------------|-------------------|-----------------|
| Direct Expenditure                                      | 21,460         | 19,429            | (2,031)         |
| Income  | (9,580)        | (9,561)           | 19              |
| <b>Total Directly Controllable (Income)/Expenditure</b> | <b>11,880</b>  | <b>9,868</b>      | <b>(2,012)</b>  |
| Indirect Expenditure                                    | 103,480        | 84,872            | (18,608)        |
| <b>Net (Income)/Expenditure</b>                         | <b>115,360</b> | <b>94,740</b>     | <b>(20,620)</b> |

**Service Comments:**

| Service: Leisure Play                                   | Revised Budget | Projected Outturn | Variance        |
|---|----------------|-------------------|-----------------|
| Direct Expenditure                                      | 211,050        | 122,616           | (88,434)        |
| Income  | (38,500)       | (9,677)           | 28,823          |
| <b>Total Directly Controllable (Income)/Expenditure</b> | <b>172,550</b> | <b>112,939</b>    | <b>(59,611)</b> |
| Indirect Expenditure                                    | 43,240         | 42,032            | (1,208)         |
| <b>Net (Income)/Expenditure</b>                         | <b>215,790</b> | <b>154,971</b>    | <b>(60,819)</b> |

**Service Comments:**

| Service: Leisure Rangers                                | Revised Budget | Projected Outturn | Variance        |
|---|----------------|-------------------|-----------------|
| Direct Expenditure                                      | 204,280        | 172,982           | (31,298)        |
| <b>Total Directly Controllable (Income)/Expenditure</b> | <b>204,280</b> | <b>172,982</b>    | <b>(31,298)</b> |
| Indirect Expenditure                                    | 26,980         | 36,005            | 9,025           |
| <b>Net (Income)/Expenditure</b>                         | <b>231,260</b> | <b>208,987</b>    | <b>(22,273)</b> |

**Service Comments:**

*Vacancies held as a result of FG and some activities curtailed by COVID. This has resulted in a projected underspend.*





**Revenue Account - Service Detail**

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**SERVICES - Service Delivery Directorate**

| Service: <b>Leisure Sports</b>                          | Revised Budget | Projected Outturn | Variance        |
|---|----------------|-------------------|-----------------|
| Direct Expenditure                                      | 88,190         | 51,265            | (36,925)        |
| Income  | (1,500)        | (4,900)           | (3,400)         |
| <b>Total Directly Controllable (Income)/Expenditure</b> | <b>86,690</b>  | <b>46,365</b>     | <b>(40,325)</b> |
| Indirect Expenditure                                    | 14,920         | 14,545            | (375)           |
| <b>Net (Income)/Expenditure</b>                         | <b>101,610</b> | <b>60,910</b>     | <b>(40,700)</b> |

**Service Comments:**

| Service: <b>Licensing</b>                               | Revised Budget | Projected Outturn | Variance      |
|---|----------------|-------------------|---------------|
| Direct Expenditure                                      | 257,980        | 315,609           | 57,629        |
| Income  | (193,990)      | (176,480)         | 17,510        |
| <b>Total Directly Controllable (Income)/Expenditure</b> | <b>63,990</b>  | <b>139,129</b>    | <b>75,139</b> |
| Indirect Expenditure                                    | 98,150         | 107,503           | 9,353         |
| <b>Net (Income)/Expenditure</b>                         | <b>162,140</b> | <b>246,632</b>    | <b>84,492</b> |

**Service Comments:**

| Service: <b>Major Projects</b>                          | Revised Budget   | Projected Outturn | Variance         |
|---|------------------|-------------------|------------------|
| Direct Expenditure                                      | 1,935,806        | 1,433,788         | (502,018)        |
| <b>Total Directly Controllable (Income)/Expenditure</b> | <b>1,935,806</b> | <b>1,433,788</b>  | <b>(502,018)</b> |
| Indirect Expenditure                                    | 170,840          | 170,257           | (583)            |
| <b>Net (Income)/Expenditure</b>                         | <b>2,106,646</b> | <b>1,604,045</b>  | <b>(502,601)</b> |

**Service Comments:**

| Service: <b>MOT Bay</b>                                 | Revised Budget  | Projected Outturn | Variance      |
|---|-----------------|-------------------|---------------|
| Direct Expenditure                                      | 103,630         | 83,217            | (20,413)      |
| Income  | (154,070)       | (92,048)          | 62,022        |
| <b>Total Directly Controllable (Income)/Expenditure</b> | <b>(50,440)</b> | <b>(8,832)</b>    | <b>41,608</b> |
| Indirect Expenditure                                    | 52,650          | 52,257            | (393)         |
| <b>Net (Income)/Expenditure</b>                         | <b>2,210</b>    | <b>43,425</b>     | <b>41,215</b> |

**Service Comments:**

*Income reduced due to covid impacts on testing and inspection*

| Service: <b>Community Meals and Transport</b>           | Revised Budget | Projected Outturn | Variance        |
|---|----------------|-------------------|-----------------|
| Direct Expenditure                                      | 299,250        | 298,534           | (716)           |
| Income  | (156,090)      | (233,796)         | (77,706)        |
| <b>Total Directly Controllable (Income)/Expenditure</b> | <b>143,160</b> | <b>64,738</b>     | <b>(78,422)</b> |
| Indirect Expenditure                                    | 53,540         | 52,898            | (642)           |
| <b>Net (Income)/Expenditure</b>                         | <b>196,700</b> | <b>117,636</b>    | <b>(79,064)</b> |

**Service Comments:**



## Revenue Account - Service Detail

Report Date: 11/03/2021

### SERVICES - Service Delivery Directorate

| Service: <b>Guildford Museum</b>                        | Revised Budget | Projected Outturn | Variance        |
|---|----------------|-------------------|-----------------|
| Direct Expenditure                                      | 436,390        | 395,890           | (40,500)        |
| Income  | (31,110)       | (7,605)           | 23,505          |
| <b>Total Directly Controllable (Income)/Expenditure</b> | <b>405,280</b> | <b>388,285</b>    | <b>(16,995)</b> |
| Indirect Expenditure                                    | 205,910        | 347,066           | 141,156         |
| <b>Net (Income)/Expenditure</b>                         | <b>611,190</b> | <b>735,351</b>    | <b>124,161</b>  |

**Service Comments:**

*Additional building repairs have been required by asset management which do not meet the budget, traditionally the budget has been provided by asset management to meet the costs. Additional items have been required to address covid controls. These are the principle reasons behind the overspend.*

| Service: <b>Off Street Parking</b>                      | Revised Budget     | Projected Outturn | Variance         |
|---|--------------------|-------------------|------------------|
| Direct Expenditure                                      | 3,399,780          | 3,279,756         | (120,024)        |
| Income  | (10,379,740)       | (3,601,248)       | 6,778,492        |
| <b>Total Directly Controllable (Income)/Expenditure</b> | <b>(6,979,960)</b> | <b>(321,493)</b>  | <b>6,658,467</b> |
| Indirect Expenditure                                    | 2,296,930          | 1,974,196         | (322,734)        |
| <b>Net (Income)/Expenditure</b>                         | <b>(4,683,030)</b> | <b>1,652,704</b>  | <b>6,335,734</b> |

**Service Comments:**

*Incomes affected by Covid*

| Service: <b>On Street Parking</b>                       | Revised Budget   | Projected Outturn | Variance       |
|---|------------------|-------------------|----------------|
| Direct Expenditure                                      | 1,264,720        | 1,092,122         | (172,598)      |
| Income  | (1,826,680)      | (931,140)         | 895,540        |
| <b>Total Directly Controllable (Income)/Expenditure</b> | <b>(561,960)</b> | <b>160,982</b>    | <b>722,942</b> |
| Indirect Expenditure                                    | 225,710          | 202,204           | (23,506)       |
| <b>Net (Income)/Expenditure</b>                         | <b>(336,250)</b> | <b>363,187</b>    | <b>699,437</b> |

**Service Comments:**

*Impacts of Covid on income lines and some cost lines. Agency agreements payments assumed to not occur due to insufficient revenue.*

| Service: <b>Ordnance Survey and Mapping</b>             | Revised Budget | Projected Outturn | Variance       |
|---|----------------|-------------------|----------------|
| Direct Expenditure                                      | 3,540          | 5,435             | 1,895          |
| <b>Total Directly Controllable (Income)/Expenditure</b> | <b>3,540</b>   | <b>5,435</b>      | <b>1,895</b>   |
| Indirect Expenditure                                    | 4,530          | 813               | (3,717)        |
| <b>Net (Income)/Expenditure</b>                         | <b>8,070</b>   | <b>6,248</b>      | <b>(1,822)</b> |

**Service Comments:**



## Revenue Account - Service Detail

Report Date: 11/03/2021

### SERVICES - Service Delivery Directorate

| Service: Countryside and Parks Services                 | Revised Budget   | Projected Outturn | Variance         |
|---|------------------|-------------------|------------------|
| Direct Expenditure                                      | 3,497,130        | 3,034,742         | (462,388)        |
| Income  | (1,277,740)      | (1,155,302)       | 122,438          |
| <b>Total Directly Controllable (Income)/Expenditure</b> | <b>2,219,390</b> | <b>1,879,440</b>  | <b>(339,950)</b> |
| Indirect Expenditure                                    | 1,705,550        | 2,195,978         | 490,428          |
| <b>Net (Income)/Expenditure</b>                         | <b>3,924,940</b> | <b>4,075,417</b>  | <b>150,477</b>   |

**Service Comments:**

Forecast to be on budget as there have been a number of vacancies this year.

| Service: Park and Ride Service                          | Revised Budget | Projected Outturn | Variance         |
|---|----------------|-------------------|------------------|
| Direct Expenditure                                      | 552,300        | 355,828           | (196,472)        |
| Income  | (37,500)       | 24,375            | 61,875           |
| <b>Total Directly Controllable (Income)/Expenditure</b> | <b>514,800</b> | <b>380,203</b>    | <b>(134,597)</b> |
| Indirect Expenditure                                    | 328,820        | 194,451           | (134,369)        |
| <b>Net (Income)/Expenditure</b>                         | <b>843,620</b> | <b>574,654</b>    | <b>(268,966)</b> |

**Service Comments:**

There are depreciation savings of £114k in the Spectrum service and transport related savings of £192,000 at Onslow Park and Ride as the contribution to the bus service has been waived for 2020-21 due to Covid.

| Service: Policy, Community and Events                   | Revised Budget   | Projected Outturn | Variance         |
|---|------------------|-------------------|------------------|
| Direct Expenditure                                      | 1,267,999        | 823,268           | (444,731)        |
| Income  | (60,760)         | (25,713)          | 35,047           |
| <b>Total Directly Controllable (Income)/Expenditure</b> | <b>1,207,239</b> | <b>797,555</b>    | <b>(409,684)</b> |
| Indirect Expenditure                                    | 222,960          | 191,444           | (31,516)         |
| <b>Net (Income)/Expenditure</b>                         | <b>1,430,199</b> | <b>989,000</b>    | <b>(441,199)</b> |

**Service Comments:**

Salary savings due to 2 vacant posts. CIL savings this year but consultants in place and need to carry over budget to next year. Neighbourhood plans income delayed re Covid.

| Service: Private Sector Housing                         | Revised Budget | Projected Outturn | Variance         |
|---|----------------|-------------------|------------------|
| Direct Expenditure                                      | 685,190        | 592,359           | (92,831)         |
| Income  | (411,130)      | (521,832)         | (110,702)        |
| <b>Total Directly Controllable (Income)/Expenditure</b> | <b>274,060</b> | <b>70,527</b>     | <b>(203,533)</b> |
| Indirect Expenditure                                    | 128,800        | 129,778           | 978              |
| <b>Net (Income)/Expenditure</b>                         | <b>402,860</b> | <b>200,305</b>    | <b>(202,555)</b> |

**Service Comments:**

Salary underspend due to vacant post - private sector housing manager.



## Revenue Account - Service Detail

Report Date: 11/03/2021

### SERVICES - Service Delivery Directorate

| Service: Project Aspire                                 | Revised Budget | Projected Outturn | Variance |
|---|----------------|-------------------|----------|
| Direct Expenditure                                      | 0              | 0                 | 0        |
| Income  | 0              | 0                 | 0        |
| <b>Total Directly Controllable (Income)/Expenditure</b> | <b>0</b>       | <b>0</b>          | <b>0</b> |
| <b>Net (Income)/Expenditure</b>                         | <b>0</b>       | <b>0</b>          | <b>0</b> |

Service Comments:

| Service: Public Conveniences                            | Revised Budget | Projected Outturn | Variance        |
|---|----------------|-------------------|-----------------|
| Direct Expenditure                                      | 232,430        | 181,534           | (50,896)        |
| Income  | (12,050)       | (12,050)          | 0               |
| <b>Total Directly Controllable (Income)/Expenditure</b> | <b>220,380</b> | <b>169,484</b>    | <b>(50,896)</b> |
| Indirect Expenditure                                    | 130,840        | 123,015           | (7,825)         |
| <b>Net (Income)/Expenditure</b>                         | <b>351,220</b> | <b>292,499</b>    | <b>(58,721)</b> |

Service Comments:

| Service: Public Health                                  | Revised Budget | Projected Outturn | Variance        |
|---|----------------|-------------------|-----------------|
| Direct Expenditure                                      | 76,570         | 64,653            | (11,917)        |
| <b>Total Directly Controllable (Income)/Expenditure</b> | <b>76,570</b>  | <b>64,653</b>     | <b>(11,917)</b> |
| Indirect Expenditure                                    | 7,780          | 7,105             | (675)           |
| <b>Net (Income)/Expenditure</b>                         | <b>84,350</b>  | <b>71,758</b>     | <b>(12,592)</b> |

Service Comments:

| Service: Refuse and Recycling                           | Revised Budget   | Projected Outturn | Variance       |
|---|------------------|-------------------|----------------|
| Direct Expenditure                                      | 3,251,250        | 3,444,996         | 193,746        |
| Income  | (765,140)        | (790,916)         | (25,776)       |
| <b>Total Directly Controllable (Income)/Expenditure</b> | <b>2,486,110</b> | <b>2,654,080</b>  | <b>167,970</b> |
| Indirect Expenditure                                    | 1,490,320        | 1,523,323         | 33,003         |
| <b>Net (Income)/Expenditure</b>                         | <b>3,976,430</b> | <b>4,177,403</b>  | <b>200,973</b> |

Service Comments:

Agency spend negatively affected by covid impacts

| Service: River Control                                  | Revised Budget | Projected Outturn | Variance       |
|---|----------------|-------------------|----------------|
| Direct Expenditure                                      | 17,740         | 106,751           | 89,011         |
| <b>Total Directly Controllable (Income)/Expenditure</b> | <b>17,740</b>  | <b>106,751</b>    | <b>89,011</b>  |
| Indirect Expenditure                                    | 9,500          | 29,320            | 19,820         |
| <b>Net (Income)/Expenditure</b>                         | <b>27,240</b>  | <b>136,071</b>    | <b>108,831</b> |

Service Comments:



**Revenue Account - Service Detail**

Report Date: 11/03/2021

**SERVICES - Service Delivery Directorate**

| Service: <b>Roads and Footpaths</b>                     | Revised Budget | Projected Outturn | Variance        |
|---|----------------|-------------------|-----------------|
| Direct Expenditure                                      | 3,580          | 1,515             | (2,065)         |
| <b>Total Directly Controllable (Income)/Expenditure</b> | <b>3,580</b>   | <b>1,515</b>      | <b>(2,065)</b>  |
| Indirect Expenditure                                    | 106,110        | 81,534            | (24,576)        |
| <b>Net (Income)/Expenditure</b>                         | <b>109,690</b> | <b>83,048</b>     | <b>(26,642)</b> |

**Service Comments:**

| Service: <b>Snow and Ice</b>                            | Revised Budget  | Projected Outturn | Variance      |
|---|-----------------|-------------------|---------------|
| Direct Expenditure                                      | 3,080           | 655               | (2,425)       |
| Income  | (55,140)        | (9,190)           | 45,950        |
| <b>Total Directly Controllable (Income)/Expenditure</b> | <b>(52,060)</b> | <b>(8,535)</b>    | <b>43,525</b> |
| Indirect Expenditure                                    | 30,940          | 45,062            | 14,122        |
| <b>Net (Income)/Expenditure</b>                         | <b>(21,120)</b> | <b>36,527</b>     | <b>57,647</b> |

**Service Comments:**

| Service: <b>SPA Sites</b>                               | Revised Budget | Projected Outturn | Variance         |
|---|----------------|-------------------|------------------|
| Direct Expenditure                                      | 50,000         | 20,151            | (29,849)         |
| Income  | (51,500)       | (360,125)         | (308,625)        |
| <b>Total Directly Controllable (Income)/Expenditure</b> | <b>(1,500)</b> | <b>(339,973)</b>  | <b>(338,473)</b> |
| Indirect Expenditure                                    | 26,050         | 65,633            | 39,583           |
| <b>Net (Income)/Expenditure</b>                         | <b>24,550</b>  | <b>(274,340)</b>  | <b>(298,890)</b> |

**Service Comments:**

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

| Service: <b>Street Cleansing</b>                        | Revised Budget   | Projected Outturn | Variance         |
|---|------------------|-------------------|------------------|
| Direct Expenditure                                      | 1,971,500        | 1,628,230         | (343,270)        |
| Income  | (182,910)        | (184,911)         | (2,001)          |
| <b>Total Directly Controllable (Income)/Expenditure</b> | <b>1,788,590</b> | <b>1,443,319</b>  | <b>(345,271)</b> |
| Indirect Expenditure                                    | 527,970          | 605,266           | 77,296           |
| <b>Net (Income)/Expenditure</b>                         | <b>2,316,560</b> | <b>2,048,585</b>  | <b>(267,975)</b> |

**Service Comments:**

| Service: <b>Street Furniture</b>                        | Revised Budget | Projected Outturn | Variance        |
|---|----------------|-------------------|-----------------|
| Direct Expenditure                                      | 57,700         | 58,777            | 1,077           |
| <b>Total Directly Controllable (Income)/Expenditure</b> | <b>57,700</b>  | <b>58,777</b>     | <b>1,077</b>    |
| Indirect Expenditure                                    | 53,690         | 26,956            | (26,734)        |
| <b>Net (Income)/Expenditure</b>                         | <b>111,390</b> | <b>85,732</b>     | <b>(25,658)</b> |

**Service Comments:**



## Revenue Account - Service Detail

Report Date: 11/03/2021

### SERVICES - Service Delivery Directorate

| Service: <b>Taxi Licensing</b>                          | Revised Budget | Projected Outturn | Variance        |
|---|----------------|-------------------|-----------------|
| Direct Expenditure                                      | 144,270        | 125,814           | (18,456)        |
| Income  | (124,200)      | (121,267)         | 2,933           |
| <b>Total Directly Controllable (Income)/Expenditure</b> | <b>20,070</b>  | <b>4,548</b>      | <b>(15,522)</b> |
| Indirect Expenditure                                    | 72,590         | 74,893            | 2,303           |
| <b>Net (Income)/Expenditure</b>                         | <b>92,660</b>  | <b>79,441</b>     | <b>(13,219)</b> |

**Service Comments:**

*On budget, some unknowns going forward with reductions in licences due to difficult trading environment.*

| Service: <b>Tourist Information Centre</b>              | Revised Budget | Projected Outturn | Variance      |
|---|----------------|-------------------|---------------|
| Direct Expenditure                                      | 255,230        | 258,698           | 3,468         |
| Income  | (58,630)       | (5,920)           | 52,710        |
| <b>Total Directly Controllable (Income)/Expenditure</b> | <b>196,600</b> | <b>252,778</b>    | <b>56,178</b> |
| Indirect Expenditure                                    | 58,680         | 62,235            | 3,555         |
| <b>Net (Income)/Expenditure</b>                         | <b>255,280</b> | <b>315,013</b>    | <b>59,733</b> |

**Service Comments:**

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

| Service: <b>Vehicle Maintenance</b>                     | Revised Budget  | Projected Outturn | Variance      |
|---|-----------------|-------------------|---------------|
| Direct Expenditure                                      | 701,120         | 1,118,156         | 417,036       |
| Income  | (774,430)       | (1,174,244)       | (399,814)     |
| <b>Total Directly Controllable (Income)/Expenditure</b> | <b>(73,310)</b> | <b>(56,088)</b>   | <b>17,222</b> |
| Indirect Expenditure                                    | 78,670          | 75,363            | (3,307)       |
| <b>Net (Income)/Expenditure</b>                         | <b>5,360</b>    | <b>19,276</b>     | <b>13,916</b> |

**Service Comments:**

| Service: <b>Waste and Fleet Business Development</b>    | Revised Budget     | Projected Outturn  | Variance      |
|---|--------------------|--------------------|---------------|
| Direct Expenditure                                      | 1,342,930          | 1,405,979          | 63,049        |
| Income  | (2,406,650)        | (2,440,525)        | (33,875)      |
| <b>Total Directly Controllable (Income)/Expenditure</b> | <b>(1,063,720)</b> | <b>(1,034,546)</b> | <b>29,174</b> |
| Indirect Expenditure                                    | 435,030            | 421,172            | (13,858)      |
| <b>Net (Income)/Expenditure</b>                         | <b>(628,690)</b>   | <b>(613,374)</b>   | <b>15,316</b> |

**Service Comments:**

*Trade waste impacted negatively by Covid. Garden Waste impacted positively by covid (increased gardening and related demand)*



## Revenue Account - Service Detail

Report Date: 11/03/2021

### SERVICES - Service Delivery Directorate

| Service: <b>Woking Road Depot</b>                       | Revised Budget   | Projected Outturn | Variance        |
|---|------------------|-------------------|-----------------|
| Direct Expenditure                                      | 458,230          | 361,783           | (96,447)        |
| Income  | (623,240)        | (604,061)         | 19,179          |
| <b>Total Directly Controllable (Income)/Expenditure</b> | <b>(165,010)</b> | <b>(242,278)</b>  | <b>(77,268)</b> |
| Indirect Expenditure                                    | 268,260          | 246,566           | (21,694)        |
| <b>Net (Income)/Expenditure</b>                         | <b>103,250</b>   | <b>4,288</b>      | <b>(98,962)</b> |

Service Comments:

| Service: <b>Woking Road Depot Stores</b>                | Revised Budget  | Projected Outturn | Variance      |
|---|-----------------|-------------------|---------------|
| Direct Expenditure                                      | 68,380          | 44,325            | (24,055)      |
| Income  | (94,450)        | (61,377)          | 33,073        |
| <b>Total Directly Controllable (Income)/Expenditure</b> | <b>(26,070)</b> | <b>(17,052)</b>   | <b>9,018</b>  |
| Indirect Expenditure                                    | 25,960          | 27,280            | 1,320         |
| <b>Net (Income)/Expenditure</b>                         | <b>(110)</b>    | <b>10,228</b>     | <b>10,338</b> |

Service Comments:



## Revenue Account - Service Detail

Report Date: 11/03/2021

### STRATEGY - Strategy Directorate

#### Directorate Summary

|   | Revised Budget     | Projected Outturn | Variance         |
|---|--------------------|-------------------|------------------|
| Direct Expenditure                                      | 8,191,152          | 11,983,079        | 3,791,927        |
| Income  | (13,777,140)       | (11,955,507)      | 1,821,633        |
| <b>Total Directly Controllable (Income)/Expenditure</b> | <b>(5,585,988)</b> | <b>27,572</b>     | <b>5,613,560</b> |
| Indirect Expenditure                                    | 7,546,505          | 7,169,551         | (376,954)        |
| <b>Net (Income)/Expenditure</b>                         | <b>1,960,517</b>   | <b>7,197,123</b>  | <b>5,236,606</b> |

| Service: Arts Development                               | Revised Budget | Projected Outturn | Variance        |
|---|----------------|-------------------|-----------------|
| Direct Expenditure                                      | 100,580        | 65,005            | (35,575)        |
| <b>Total Directly Controllable (Income)/Expenditure</b> | <b>100,580</b> | <b>65,005</b>     | <b>(35,575)</b> |
| Indirect Expenditure                                    | 24,840         | 23,723            | (1,117)         |
| <b>Net (Income)/Expenditure</b>                         | <b>125,420</b> | <b>88,728</b>     | <b>(36,692)</b> |

**Service Comments:**

| Service: Audit Management                               | Revised Budget   | Projected Outturn | Variance         |
|---|------------------|-------------------|------------------|
| Direct Expenditure                                      | 279,450          | 4,316,787         | 4,037,337        |
| Income  | (398,730)        | (398,730)         | 0                |
| <b>Total Directly Controllable (Income)/Expenditure</b> | <b>(119,280)</b> | <b>3,918,057</b>  | <b>4,037,337</b> |
| Indirect Expenditure                                    | 40,090           | 32,499            | (7,591)          |
| <b>Net (Income)/Expenditure</b>                         | <b>(79,190)</b>  | <b>3,950,556</b>  | <b>4,029,746</b> |

**Service Comments:**

Future Guildford implementation costs are dealt with through reserves.

| Service: Business Forum                                 | Revised Budget | Projected Outturn | Variance     |
|---|----------------|-------------------|--------------|
| Direct Expenditure                                      | 24,690         | 30,250            | 5,560        |
| Income  | (30)           | (5)               | 25           |
| <b>Total Directly Controllable (Income)/Expenditure</b> | <b>24,660</b>  | <b>30,245</b>     | <b>5,585</b> |
| Indirect Expenditure                                    | 2,160          | 1,753             | (407)        |
| <b>Net (Income)/Expenditure</b>                         | <b>26,820</b>  | <b>31,998</b>     | <b>5,178</b> |

**Service Comments:**

| Service: Citizens Advice Bureau                         | Revised Budget | Projected Outturn | Variance       |
|---|----------------|-------------------|----------------|
| Direct Expenditure                                      | 283,420        | 400,202           | 116,782        |
| <b>Total Directly Controllable (Income)/Expenditure</b> | <b>283,420</b> | <b>400,202</b>    | <b>116,782</b> |
| Indirect Expenditure                                    | 1,290          | 1,290             | 0              |
| <b>Net (Income)/Expenditure</b>                         | <b>284,710</b> | <b>401,492</b>    | <b>116,782</b> |

**Service Comments:**





**Revenue Account - Service Detail**

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**STRATEGY - Strategy Directorate**

| Service: Civic Expenses                                 | Revised Budget | Projected Outturn | Variance        |
|---|----------------|-------------------|-----------------|
| Direct Expenditure                                      | 214,380        | 134,402           | (79,978)        |
| <b>Total Directly Controllable (Income)/Expenditure</b> | <b>214,380</b> | <b>134,402</b>    | <b>(79,978)</b> |
| Indirect Expenditure                                    | 41,730         | 41,218            | (512)           |
| <b>Net (Income)/Expenditure</b>                         | <b>256,110</b> | <b>175,620</b>    | <b>(80,490)</b> |

Service Comments:

| Service: Climate Change                                 | Revised Budget | Projected Outturn | Variance         |
|---|----------------|-------------------|------------------|
| Direct Expenditure                                      | 232,030        | 108,909           | (123,121)        |
| Income  | (184,300)      | (170,000)         | 14,300           |
| <b>Total Directly Controllable (Income)/Expenditure</b> | <b>47,730</b>  | <b>(61,091)</b>   | <b>(108,821)</b> |
| Indirect Expenditure                                    | 52,300         | 64,380            | 12,080           |
| <b>Net (Income)/Expenditure</b>                         | <b>100,030</b> | <b>3,289</b>      | <b>(96,741)</b>  |

Service Comments:

| Service: Community Development                          | Revised Budget | Projected Outturn | Variance       |
|---|----------------|-------------------|----------------|
| Direct Expenditure                                      | 161,170        | 157,271           | (3,899)        |
| <b>Total Directly Controllable (Income)/Expenditure</b> | <b>161,170</b> | <b>157,271</b>    | <b>(3,899)</b> |
| Indirect Expenditure                                    | 14,600         | 13,433            | (1,167)        |
| <b>Net (Income)/Expenditure</b>                         | <b>175,770</b> | <b>170,704</b>    | <b>(5,066)</b> |

Service Comments:

| Service: About Guildford                                | Revised Budget | Projected Outturn | Variance        |
|---|----------------|-------------------|-----------------|
| Direct Expenditure                                      | 53,160         | 14,441            | (38,719)        |
| Income  | (4,500)        | (1,125)           | 3,375           |
| <b>Total Directly Controllable (Income)/Expenditure</b> | <b>48,660</b>  | <b>13,316</b>     | <b>(35,344)</b> |
| Indirect Expenditure                                    | 3,240          | 3,223             | (17)            |
| <b>Net (Income)/Expenditure</b>                         | <b>51,900</b>  | <b>16,539</b>     | <b>(35,361)</b> |

Service Comments:

| Service: Community Lottery                              | Revised Budget | Projected Outturn | Variance       |
|---|----------------|-------------------|----------------|
| Direct Expenditure                                      | 2,900          | 603               | (2,297)        |
| Income  | (3,000)        | (3,122)           | (122)          |
| <b>Total Directly Controllable (Income)/Expenditure</b> | <b>(100)</b>   | <b>(2,518)</b>    | <b>(2,418)</b> |
| <b>Net (Income)/Expenditure</b>                         | <b>(100)</b>   | <b>(2,518)</b>    | <b>(2,418)</b> |

Service Comments:



## Revenue Account - Service Detail

Report Date: 11/03/2021

### STRATEGY - Strategy Directorate

| Service: <b>Public Relations</b>                        | Revised Budget | Projected Outturn | Variance        |
|---|----------------|-------------------|-----------------|
| Direct Expenditure                                      | 262,230        | 247,990           | (14,240)        |
| <b>Total Directly Controllable (Income)/Expenditure</b> | <b>262,230</b> | <b>247,990</b>    | <b>(14,240)</b> |
| Indirect Expenditure                                    | 59,400         | 59,033            | (367)           |
| <b>Net (Income)/Expenditure</b>                         | <b>321,630</b> | <b>307,023</b>    | <b>(14,607)</b> |

Service Comments:

| Service: <b>Community Safety</b>                        | Revised Budget | Projected Outturn | Variance        |
|---|----------------|-------------------|-----------------|
| Direct Expenditure                                      | 151,160        | 62,175            | (88,985)        |
| Income  | (15,000)       | (20,038)          | (5,038)         |
| <b>Total Directly Controllable (Income)/Expenditure</b> | <b>136,160</b> | <b>42,137</b>     | <b>(94,023)</b> |
| Indirect Expenditure                                    | 27,360         | 30,710            | 3,350           |
| <b>Net (Income)/Expenditure</b>                         | <b>163,520</b> | <b>72,846</b>     | <b>(90,674)</b> |

Service Comments:

| Service: <b>Council and Committee Support</b>           | Revised Budget | Projected Outturn | Variance        |
|---|----------------|-------------------|-----------------|
| Direct Expenditure                                      | 318,160        | 315,552           | (2,608)         |
| Income  | (260,340)      | (227,840)         | 32,500          |
| <b>Total Directly Controllable (Income)/Expenditure</b> | <b>57,820</b>  | <b>87,712</b>     | <b>29,892</b>   |
| Indirect Expenditure                                    | 367,370        | 311,263           | (56,107)        |
| <b>Net (Income)/Expenditure</b>                         | <b>425,190</b> | <b>398,974</b>    | <b>(26,216)</b> |

Service Comments:

| Service: <b>Corporate Programmes</b>                    | Revised Budget   | Projected Outturn | Variance       |
|---|------------------|-------------------|----------------|
| Direct Expenditure                                      | 915,320          | 970,946           | 55,626         |
| Income  | (1,176,060)      | (946,437)         | 229,623        |
| <b>Total Directly Controllable (Income)/Expenditure</b> | <b>(260,740)</b> | <b>24,509</b>     | <b>285,249</b> |
| Indirect Expenditure                                    | 1,833,990        | 1,625,429         | (208,561)      |
| <b>Net (Income)/Expenditure</b>                         | <b>1,573,250</b> | <b>1,649,938</b>  | <b>76,688</b>  |

Service Comments:

| Service: <b>Democratic Representation</b>               | Revised Budget | Projected Outturn | Variance      |
|---|----------------|-------------------|---------------|
| Direct Expenditure                                      | 710,180        | 708,423           | (1,757)       |
| Income  | (107,800)      | (17,967)          | 89,833        |
| <b>Total Directly Controllable (Income)/Expenditure</b> | <b>602,380</b> | <b>690,456</b>    | <b>88,076</b> |
| Indirect Expenditure                                    | 216,440        | 215,991           | (449)         |
| <b>Net (Income)/Expenditure</b>                         | <b>818,820</b> | <b>906,447</b>    | <b>87,627</b> |

Service Comments:



## Revenue Account - Service Detail

Report Date: 11/03/2021

### STRATEGY - Strategy Directorate

| Service: Elections                                      | Revised Budget | Projected Outturn | Variance       |
|---|----------------|-------------------|----------------|
| Direct Expenditure                                      | 71,800         | 75,636            | 3,836          |
| Income  | 0              | (9,413)           | (9,413)        |
| <b>Total Directly Controllable (Income)/Expenditure</b> | <b>71,800</b>  | <b>66,223</b>     | <b>(5,577)</b> |
| Indirect Expenditure                                    | 23,000         | 22,950            | (50)           |
| <b>Net (Income)/Expenditure</b>                         | <b>94,800</b>  | <b>89,173</b>     | <b>(5,627)</b> |

**Service Comments:**

| Service: Electoral Registration                         | Revised Budget | Projected Outturn | Variance        |
|---|----------------|-------------------|-----------------|
| Direct Expenditure                                      | 255,790        | 188,156           | (67,634)        |
| Income  | (26,610)       | (38,123)          | (11,513)        |
| <b>Total Directly Controllable (Income)/Expenditure</b> | <b>229,180</b> | <b>150,033</b>    | <b>(79,147)</b> |
| Indirect Expenditure                                    | 46,490         | 39,018            | (7,472)         |
| <b>Net (Income)/Expenditure</b>                         | <b>275,670</b> | <b>189,050</b>    | <b>(86,620)</b> |

**Service Comments:**

| Service: G Live   | Revised Budget   | Projected Outturn | Variance         |
|---|------------------|-------------------|------------------|
| Direct Expenditure                                      | 390,100          | 384,527           | (5,573)          |
| Income  | (49,380)         | (8,230)           | 41,150           |
| <b>Total Directly Controllable (Income)/Expenditure</b> | <b>340,720</b>   | <b>376,297</b>    | <b>35,577</b>    |
| Indirect Expenditure                                    | 1,381,850        | 1,186,118         | (195,732)        |
| <b>Net (Income)/Expenditure</b>                         | <b>1,722,570</b> | <b>1,562,415</b>  | <b>(160,155)</b> |

**Service Comments:**

Venue has been closed since March 2020. There is a surplus from the previous contract year however there are also supplier relief payments.

| Service: Grants to Voluntary Organisations              | Revised Budget | Projected Outturn | Variance      |
|---|----------------|-------------------|---------------|
| Direct Expenditure                                      | 475,730        | 542,266           | 66,536        |
| <b>Total Directly Controllable (Income)/Expenditure</b> | <b>475,730</b> | <b>542,266</b>    | <b>66,536</b> |
| Indirect Expenditure                                    | 7,810          | 5,635             | (2,175)       |
| <b>Net (Income)/Expenditure</b>                         | <b>483,540</b> | <b>547,901</b>    | <b>64,361</b> |

**Service Comments:**

| Service: Leisure Grants to Voluntary Organisations      | Revised Budget | Projected Outturn | Variance      |
|---|----------------|-------------------|---------------|
| Direct Expenditure                                      | 393,060        | 428,683           | 35,623        |
| <b>Total Directly Controllable (Income)/Expenditure</b> | <b>393,060</b> | <b>428,683</b>    | <b>35,623</b> |
| Indirect Expenditure                                    | 0              | 2,417             | 2,417         |
| <b>Net (Income)/Expenditure</b>                         | <b>393,060</b> | <b>431,100</b>    | <b>38,040</b> |

**Service Comments:**



**Revenue Account - Service Detail**

Report Date: 11/03/2021

**STRATEGY - Strategy Directorate**

| Service: Industrial Estates                             | Revised Budget     | Projected Outturn  | Variance       |
|---|--------------------|--------------------|----------------|
| Direct Expenditure                                      | 299,082            | 518,013            | 218,931        |
| Income  | (3,148,420)        | (3,257,954)        | (109,534)      |
| <b>Total Directly Controllable (Income)/Expenditure</b> | <b>(2,849,338)</b> | <b>(2,739,941)</b> | <b>109,397</b> |
| Indirect Expenditure                                    | 296,660            | 251,099            | (45,561)       |
| <b>Net (Income)/Expenditure</b>                         | <b>(2,552,678)</b> | <b>(2,488,842)</b> | <b>63,836</b>  |

**Service Comments:**

| Service: Investment Properties                          | Revised Budget     | Projected Outturn  | Variance       |
|---|--------------------|--------------------|----------------|
| Direct Expenditure                                      | 96,630             | 188,453            | 91,823         |
| Income  | (4,655,840)        | (4,606,257)        | 49,583         |
| <b>Total Directly Controllable (Income)/Expenditure</b> | <b>(4,559,210)</b> | <b>(4,417,804)</b> | <b>141,406</b> |
| Indirect Expenditure                                    | 231,960            | 243,944            | 11,984         |
| <b>Net (Income)/Expenditure</b>                         | <b>(4,327,250)</b> | <b>(4,173,861)</b> | <b>153,389</b> |

**Service Comments:**

| Service: Leisure Management Contract                    | Revised Budget   | Projected Outturn | Variance       |
|---|------------------|-------------------|----------------|
| Direct Expenditure                                      | 1,273,520        | 834,988           | (438,532)      |
| Income  | (2,071,140)      | (656,788)         | 1,414,352      |
| <b>Total Directly Controllable (Income)/Expenditure</b> | <b>(797,620)</b> | <b>178,200</b>    | <b>975,820</b> |
| Indirect Expenditure                                    | 2,141,800        | 2,053,470         | (88,330)       |
| <b>Net (Income)/Expenditure</b>                         | <b>1,344,180</b> | <b>2,231,671</b>  | <b>887,491</b> |

**Service Comments:**

*Covid-19 has seriously impacted the Leisure Services with closures of leisure facilities.*

| Service: Markets  | Revised Budget | Projected Outturn | Variance     |
|---|----------------|-------------------|--------------|
| Direct Expenditure                                      | 22,070         | 12,414            | (9,656)      |
| Income  | (32,000)       | (18,257)          | 13,743       |
| <b>Total Directly Controllable (Income)/Expenditure</b> | <b>(9,930)</b> | <b>(5,844)</b>    | <b>4,086</b> |
| Indirect Expenditure                                    | 6,330          | 6,524             | 194          |
| <b>Net (Income)/Expenditure</b>                         | <b>(3,600)</b> | <b>680</b>        | <b>4,280</b> |

**Service Comments:**

| Service: Housing Outside the HRA                        | Revised Budget | Projected Outturn | Variance        |
|---|----------------|-------------------|-----------------|
| Direct Expenditure                                      | 1,210          | 10,359            | 9,149           |
| Income  | (7,100)        | (43,149)          | (36,049)        |
| <b>Total Directly Controllable (Income)/Expenditure</b> | <b>(5,890)</b> | <b>(32,789)</b>   | <b>(26,899)</b> |
| Indirect Expenditure                                    | 65,520         | 92,114            | 26,594          |
| <b>Net (Income)/Expenditure</b>                         | <b>59,630</b>  | <b>59,325</b>     | <b>(306)</b>    |

**Service Comments:**

*£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.*



## Revenue Account - Service Detail

Report Date: 11/03/2021

### STRATEGY - Strategy Directorate

| Service: Other Property                                 | Revised Budget   | Projected Outturn  | Variance         |
|---|------------------|--------------------|------------------|
| Direct Expenditure                                      | 155,990          | 166,642            | 10,652           |
| Income  | (1,092,670)      | (1,265,240)        | (172,570)        |
| <b>Total Directly Controllable (Income)/Expenditure</b> | <b>(936,680)</b> | <b>(1,098,599)</b> | <b>(161,919)</b> |
| Indirect Expenditure                                    | 458,175          | 637,652            | 179,477          |
| <b>Net (Income)/Expenditure</b>                         | <b>(478,505)</b> | <b>(460,947)</b>   | <b>17,558</b>    |

Service Comments:

| Service: Parish Liaison                                 | Revised Budget | Projected Outturn | Variance     |
|---|----------------|-------------------|--------------|
| Direct Expenditure                                      | 185,960        | 185,785           | (175)        |
| <b>Total Directly Controllable (Income)/Expenditure</b> | <b>185,960</b> | <b>185,785</b>    | <b>(175)</b> |
| Indirect Expenditure                                    | 9,580          | 10,855            | 1,275        |
| <b>Net (Income)/Expenditure</b>                         | <b>195,540</b> | <b>196,640</b>    | <b>1,100</b> |

Service Comments:

| Service: Pest Control                                   | Revised Budget | Projected Outturn | Variance     |
|---|----------------|-------------------|--------------|
| Direct Expenditure                                      | 49,930         | 51,300            | 1,370        |
| Income  | (55,000)       | (48,264)          | 6,736        |
| <b>Total Directly Controllable (Income)/Expenditure</b> | <b>(5,070)</b> | <b>3,036</b>      | <b>8,106</b> |
| Indirect Expenditure                                    | 6,060          | 6,052             | (8)          |
| <b>Net (Income)/Expenditure</b>                         | <b>990</b>     | <b>9,088</b>      | <b>8,098</b> |

Service Comments:

Income and expenditure fluctuates depending on the number of treatments requested.

| Service: Community Wellbeing                            | Revised Budget | Projected Outturn | Variance      |
|---|----------------|-------------------|---------------|
| Direct Expenditure                                      | 272,390        | 316,125           | 43,735        |
| <b>Total Directly Controllable (Income)/Expenditure</b> | <b>272,390</b> | <b>316,125</b>    | <b>43,735</b> |
| Indirect Expenditure                                    | 52,410         | 51,894            | (516)         |
| <b>Net (Income)/Expenditure</b>                         | <b>324,800</b> | <b>368,019</b>    | <b>43,219</b> |

Service Comments:

| Service: Tourism & Development                          | Revised Budget | Projected Outturn | Variance       |
|---|----------------|-------------------|----------------|
| Direct Expenditure                                      | 419,250        | 440,308           | 21,058         |
| Income  | (135,680)      | (35,650)          | 100,030        |
| <b>Total Directly Controllable (Income)/Expenditure</b> | <b>283,570</b> | <b>404,658</b>    | <b>121,088</b> |
| Indirect Expenditure                                    | 117,150        | 119,034           | 1,884          |
| <b>Net (Income)/Expenditure</b>                         | <b>400,720</b> | <b>523,692</b>    | <b>122,972</b> |

Service Comments:



## Revenue Account - Service Detail

Report Date: 11/03/2021

### STRATEGY - Strategy Directorate

| Service: <b>Town Centre Management</b>                  | Revised Budget   | Projected Outturn | Variance       |
|---|------------------|-------------------|----------------|
| Direct Expenditure                                      | 119,800          | 106,470           | (13,330)       |
| Income  | (353,540)        | (182,918)         | 170,622        |
| <b>Total Directly Controllable (Income)/Expenditure</b> | <b>(233,740)</b> | <b>(76,447)</b>   | <b>157,293</b> |
| Indirect Expenditure                                    | 16,900           | 16,830            | (70)           |
| <b>Net (Income)/Expenditure</b>                         | <b>(216,840)</b> | <b>(59,617)</b>   | <b>157,223</b> |

Service Comments:

| Service: <b>Youth Council</b>                           | Revised Budget | Projected Outturn | Variance    |
|---|----------------|-------------------|-------------|
| Direct Expenditure                                      | 10             | 0                 | (10)        |
| <b>Total Directly Controllable (Income)/Expenditure</b> | <b>10</b>      | <b>0</b>          | <b>(10)</b> |
| <b>Net (Income)/Expenditure</b>                         | <b>10</b>      | <b>0</b>          | <b>(10)</b> |

Service Comments:

| HOUSING REVENUE ACCOUNT SUMMARY - BUDGET MONITOR (APRIL 2020- NOV 2020) |                        |  | APPENDIX 3               |                            |
|---|------------------------|--|--------------------------|----------------------------|
| 2018-19<br>Actual<br>£  | 2019-20<br>Actual<br>£ | Analysis   | 2020-21<br>Estimate<br>£ | 2020-21<br>Projection<br>£ |
|   |                        | <b>Borough Housing Services</b>                    |                          |                            |
| 738,104   | 793,019                | Income Collection                                  | 689,140                  | 613,357                    |
| 1,036,217   | 1,164,320              | Tenants Services                                   | 888,840                  | 1,097,234                  |
| 81,030  | 122,998                | Tenant Participation                               | 148,880                  | 95,400                     |
| 69,865  | 107,717                | Garage Management                                  | 101,690                  | 93,622                     |
| 59,064  | 41,744                 | Elderly Persons Dwellings                          | 75,280                   | 40,123                     |
| 584,036   | 575,851                | Flats Communal Services                            | 513,510                  | 639,638                    |
| 423,867   | 414,254                | Environmental Works to Estates                     | 444,460                  | 441,900                    |
| 5,676,678   | 6,265,983              | Responsive & Planned Maintenance                   | 5,857,920                | 5,476,285                  |
| 121,665   | 137,128                | SOCH & Equity Share Administration                 | 139,780                  | 136,422                    |
| <b>8,790,527</b>  | <b>9,623,015</b>       |  | <b>8,859,500</b>         | <b>8,633,980</b>           |
|   |                        | <b>Strategic Housing Services</b>                  |                          |                            |
| 419,543   | 485,497                | Advice, Registers & Tenant Selection               | 715,830                  | 680,826                    |
| 217,026   | 201,203                | Void Property Management & Lettings                | 212,220                  | 198,048                    |
| 9,700   | 5,120                  | Homelessness Hostels                               | 5,120                    | 5,120                      |
| 155,194   | 175,717                | Supported Housing Management                       | 159,700                  | 144,515                    |
| 426,311   | 527,717                | Strategic Support to the HRA                       | 382,340                  | 550,688                    |
| <b>1,227,774</b>  | <b>1,395,255</b>       |  | <b>1,475,210</b>         | <b>1,579,197</b>           |
|   |                        | <b>Community Services</b>                          |                          |                            |
| 938,878   | 883,927                | Sheltered Housing                                  | 904,640                  | 679,487                    |
|   |                        | <b>Other Items</b>                                 |                          |                            |
| 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                  | 404,950                    |
| <b>17,057,407</b>   | <b>22,799,267</b>      | <b>Total Expenditure</b>                           | <b>17,316,730</b>        | <b>16,976,344</b>          |
| (31,991,396)  | (32,532,978)           | Income   | (33,136,660)             | (32,490,686)               |
| <b>(14,933,989)</b>   | <b>(9,733,711)</b>     | <b>Net Cost of Services(per inc &amp; exp a/c)</b> | <b>(15,819,930)</b>      | <b>(15,514,342)</b>        |
| <b>258,720</b>  | <b>251,530</b>         | HRA share of CDC                                   | <b>256,800</b>           | <b>251,530</b>             |
| <b>(14,675,269)</b>   | <b>(9,482,181)</b>     | <b>Net Cost of HRA Services</b>                    | <b>(15,563,130)</b>      | <b>(15,262,812)</b>        |
| (456,206)   | (598,260)              | Investment Income                                  | (598,260)                | (598,260)                  |
| 5,159,240   | 5,131,995              | Interest Payable                                   | 5,142,230                | 5,675,260                  |
| <b>(9,972,235)</b>  | <b>(4,948,446)</b>     | <b>Deficit for Year on HRA Services</b>            | <b>(11,019,160)</b>      | <b>(10,185,812)</b>        |
| 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                | 7,610,812                  |
| (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                          |
| <b>0</b>  | <b>6,150,360</b>       | <b>HRA Balance</b>                                 | <b>(10,656)</b>          | <b>0</b>                   |
| (2,500,000)   | (2,500,000)            | Balance Brought Forward                            | (2,500,000)              | (2,500,000)                |
| <b>(2,500,000)</b>  | <b>3,650,360</b>       | <b>Balance Carried Forward</b>                     | <b>(2,510,656)</b>       | <b>(2,500,000)</b>         |

Agenda item number: 10  
Appendix 3

| <b>2018-19<br/>Actual<br/>£</b> | <b>2019-20<br/>Projection<br/>£</b> | <b>Analysis</b>                  | <b>2019-20<br/>Estimate<br/>£</b> | <b>2019-20<br/>Projection<br/>£</b> |
|---------------------------------|-------------------------------------|----------------------------------|-----------------------------------|-------------------------------------|
|                                 |                                     | <b>Borough Housing Services</b>  |                                   |                                     |
| (29,236,342)                    | (29,570,473)                        | Rent Income - Dwellings          | (29,977,450)                      | (29,984,664)                        |
| (208,349)                       | (208,349)                           | Rent Income - Rosebery Hsg Assoc | (208,350)                         | (79,502)                            |
| (206,530)                       | (225,551)                           | Rents - Shops, Buildings etc     | (316,830)                         | (453,930)                           |
| (718,083)                       | (753,058)                           | Rents - Garages                  | (759,740)                         | (622,916)                           |
| <b>(30,369,304)</b>             | <b>(30,757,431)</b>                 | <b>Total Rent Income</b>         | <b>(31,262,370)</b>               | <b>(31,141,012)</b>                 |
| (140,122)                       | (113,577)                           | Supporting People Grant          | (144,180)                         | (159,609)                           |
| (1,023,033)                     | (1,098,353)                         | Service Charges                  | (1,116,020)                       | (1,105,888)                         |
| (9,144)                         | (15,339)                            | Legal Fees Recovered             | (28,840)                          | 0                                   |
| (51,614)                        | (53,277)                            | Service Charges Recovered        | (57,730)                          | (14,986)                            |
| (398,179)                       | (495,001)                           | Miscellaneous Income             | (527,520)                         | (69,191)                            |
| <b>(31,991,396)</b>             | <b>(32,532,978)</b>                 | <b>Total Income</b>              | <b>(33,136,660)</b>               | <b>(32,490,686)</b>                 |



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

| Ref                                  | Directorate/Service and Capital Scheme name                        | Approved gross estimate<br>(a)<br>£000 | Cumulative spend at 31-03-20<br>(b)<br>£000 | 2020-21   |                                 |                                       | Projected exp est by project officer<br>(f)<br>£000 | 2021-22 Est for year<br>(ii)<br>£000 | 2022-23 Est for year<br>(iii)<br>£000 | 2023-24 Est for year<br>(iv)<br>£000 | 2024-25 Est for year<br>(v)<br>£000 | 2025-26 Est for year<br>(v)<br>£000 | Future years est exp<br>(g)<br>£000 | Projected expenditure total<br>(b)+(f)+(g) =<br>(h)<br>£000 | Grants / Contributions towards cost of scheme<br>(i)<br>£000 | Funded from Reserves<br>(j) | Net cost of scheme<br>(h)-(i)-(j)=<br>(k)<br>£000 |
|--------------------------------------|--|--|---|---|---------------------------------|---------------------------------------|---|--------------------------------------|---------------------------------------|--------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|---|--|-----------------------------|---|
|                                      |  |  |   | Estimate approved by Council in February<br>(c)<br>£000 | Revised estimate<br>(d)<br>£000 | Expenditure at end P10<br>(e)<br>£000 |   |                                      |                                       |                                      |                                     |                                     |                                     |   |  |                             |   |
| <b>APPROVED SCHEMES</b>              |  |  |   |   |                                 |                                       |   |                                      |                                       |                                      |                                     |                                     |                                     |   |  |                             |   |
| <b>COMMUNITY DIRECTORATE</b>         |  |  |   |   |                                 |                                       |   |                                      |                                       |                                      |                                     |                                     |                                     |   |  |                             |   |
| <b>General Fund Housing</b>          |  |  |   |   |                                 |                                       |   |                                      |                                       |                                      |                                     |                                     |                                     |   |  |                             |   |
|                                      | Disabled Facilities Grants   |  | annual                                      | 605   | 605                             | 218                                   | 605   | 605                                  | 605                                   | 605                                  | 605                                 | -                                   | 2,420                               | 3,025   | (806)  | -                           | 2,219   |
|                                      | Better Care Fund   |  | annual                                      | -   | -                               | 165                                   | -   | -                                    | -                                     | -                                    | -                                   | -                                   | -                                   | -   | -  | -                           | -   |
|                                      | Home Improvement Assistance  |  | annual                                      | -   | -                               | 4                                     | -   | -                                    | -                                     | -                                    | -                                   | -                                   | -                                   | -   | -  | -                           | -   |
|                                      | Solar Energy Loans   |  | annual                                      | -   | -                               | -                                     | -   | -                                    | -                                     | -                                    | -                                   | -                                   | -                                   | -   | -  | -                           | -   |
|                                      | BCF TESH Project   |  | annual                                      | -   | -                               | -                                     | -   | -                                    | -                                     | -                                    | -                                   | -                                   | -                                   | -   | -  | -                           | -   |
|                                      | BCF Prevention grant   |  | annual                                      | -   | -                               | 23                                    | -   | -                                    | -                                     | -                                    | -                                   | -                                   | -                                   | -   | -  | -                           | -   |
|                                      | SHIP   |  | annual                                      | -   | -                               | -                                     | -   | -                                    | -                                     | -                                    | -                                   | -                                   | -                                   | -   | -  | -                           | -   |
|                                      | General Grants to HAs  |  | annual                                      | 100   | 100                             | -                                     | 100   | 100                                  | 100                                   | 100                                  | 100                                 | -                                   | 400                                 | 500   | -  | -                           | 500   |
|                                      | General feasibility, site preparation costs for affordable housing |  | annual                                      | 120   | 120                             | -                                     | 120   | 120                                  | 120                                   | 120                                  | 120                                 | -                                   | 480                                 | 601   | -  | -                           | 601   |
|                                      | Bright Hill Car Park Site  |  |   | 43  | -                               | -                                     | 33  | -                                    | -                                     | -                                    | -                                   | -                                   | -                                   | -   | -  | -                           | -   |
|                                      | Garage Sites-General   |  |   | 161   | -                               | -                                     | 2   | -                                    | -                                     | -                                    | -                                   | -                                   | -                                   | -   | -  | -                           | -   |
|                                      | Guildford Park feasibility   |  |   |   |                                 | 17                                    |   |                                      |                                       |                                      |                                     |                                     |                                     |   |  |                             |   |
|                                      | Shawfield  |  |   |   |                                 | 1                                     |   |                                      |                                       |                                      |                                     |                                     |                                     |   |  |                             |   |
|                                      | Site B10b feasibility  |  |   | 2   | -                               | -                                     | 0   | -                                    | -                                     | -                                    | -                                   | -                                   | -                                   | -   | -  | -                           | -   |
|                                      | Redevelopment bid 13   |  |   | 109   | -                               | -                                     | 64  | -                                    | -                                     | -                                    | -                                   | -                                   | -                                   | -   | -  | -                           | -   |
|                                      | Corporate Property   |  |   | -   | -                               | -                                     | -   | -                                    | -                                     | -                                    | -                                   | -                                   | -                                   | -   | -  | -                           | -   |
| ED14(e)                              | Void investment property refurbishment works                       | 570                                    | 324   | 170   | 191                             | -                                     | 191   | -                                    | -                                     | -                                    | -                                   | -                                   | -                                   | 570   | -  | -                           | 570   |
|                                      | Unit 2 The Billings void works                                     | -                                      | -   | -   | 36                              | 22                                    | 36  | -                                    | -                                     | -                                    | -                                   | -                                   | -                                   | -   | -  | -                           | -   |
| ED14                                 | 5 High Street void works   | -                                      | -   | -   | 19                              | 8                                     | 8   | 11                                   | -                                     | -                                    | -                                   | -                                   | 11                                  | -   | -  | -                           | -   |
| ED14                                 | 10 Midleton void works   | 230                                    | 7   | -   | 223                             | 299                                   | 223   | -                                    | -                                     | -                                    | -                                   | -                                   | -                                   | 230   | (100)  | -                           | 130   |
| ED21                                 | Methane gas monitoring system                                      | 100                                    | 45  | -   | 51                              | -                                     | 0   | 51                                   | -                                     | -                                    | -                                   | -                                   | 51                                  | 100   | -  | -                           | 100   |
| ED21a                                | Methane gas monitoring Depots                                      | -                                      | -   | -   | 4                               | -                                     | 4   | -                                    | -                                     | -                                    | -                                   | -                                   | -                                   | -   | -  | -                           | -   |
| ED22                                 | Energy efficiency compliance - Council owned properties            | 245                                    | 82  | 137   | 163                             | 0                                     | 0   | 163                                  | -                                     | -                                    | -                                   | -                                   | 163                                 | 245   | -  | -                           | 245   |
| ED26                                 | Bridges -Inspections and remedial works                            | 317                                    | 197   | -   | 120                             | 3                                     | 20  | 100                                  | -                                     | -                                    | -                                   | -                                   | 100                                 | 317   | -  | -                           | 317   |
| ED35                                 | Electric Theatre - new boilers                                     | 120                                    | -   | -   | 120                             | -                                     | 120   | -                                    | -                                     | -                                    | -                                   | -                                   | -                                   | 120   | -  | -                           | 120   |
| ED41                                 | The Billings roof  | 200                                    | 27  | 175   | 173                             | 2                                     | 3   | 170                                  | -                                     | -                                    | -                                   | -                                   | 170                                 | 200   | -  | -                           | 200   |
| ED44                                 | Broadwater cottage   | 319                                    | 93  | -   | 226                             | 163                                   | 226   | -                                    | -                                     | -                                    | -                                   | -                                   | -                                   | 319   | -  | -                           | 319   |
| ED45                                 | Gunpowder mills - scheduled ancient monument                       | 222                                    | 9   | 52  | 212                             | 183                                   | 212   | -                                    | -                                     | -                                    | -                                   | -                                   | -                                   | 222   | -  | -                           | 222   |
| ED51(p)                              | Guildford House Exhibition lighting                                | 50                                     | -   | 50  | 50                              | -                                     | 50  | -                                    | -                                     | -                                    | -                                   | -                                   | -                                   | 50  | -  | -                           | 50  |
| ED47                                 | Cladding of Ash Vale units (no longer reqd)                        | 145                                    | 5   | 92  | 140                             | -                                     | -   | -                                    | -                                     | -                                    | -                                   | -                                   | -                                   | 5   | -  | -                           | 5   |
| ED53                                 | Tyting Farm Land-removal of barns and concrete hardstanding        | 200                                    | 8   | -   | 192                             | 62                                    | 192   | -                                    | -                                     | -                                    | -                                   | -                                   | -                                   | 200   | -  | -                           | 200   |
| ED56                                 | Foxenden Tunnels safety works                                      | 110                                    | 22  | -   | 88                              | 5                                     | 88  | -                                    | -                                     | -                                    | -                                   | -                                   | -                                   | 110   | -  | -                           | 110   |
| ED57                                 | Holy Trinity Church boundary wall                                  | 63                                     | 8   | -   | 55                              | 43                                    | 47  | 2                                    | -                                     | -                                    | -                                   | -                                   | 2                                   | 57  | -  | -                           | 57  |
| CP1                                  | SMP Ph1 Calorifer replacement                                      | 28                                     | -   | 28  | 28                              | -                                     | -   | 28                                   | -                                     | -                                    | -                                   | -                                   | 28                                  | 28  | -  | -                           | 28  |
| CP2                                  | SMP Main pavilion amenity club                                     | 50                                     | -   | 50  | 50                              | -                                     | -   | 50                                   | -                                     | -                                    | -                                   | -                                   | -                                   | 50  | -  | -                           | 50  |
| CP3                                  | SMP cricket pavilion   | 120                                    | -   | 120   | 120                             | 4                                     | 4   | 116                                  | -                                     | -                                    | -                                   | -                                   | 116                                 | 120   | -  | -                           | 120   |
| <b>Office Services</b>               |  |  |   |   |                                 |                                       |   |                                      |                                       |                                      |                                     |                                     |                                     |   |  |                             |   |
| BS4                                  | Hydro private wire - Tollhouse to Millmead (no longer reqd)        | 4                                      | 3   | -   | 1                               | -                                     | (0)   | -                                    | -                                     | -                                    | -                                   | -                                   | -                                   | 3   | -  | -                           | 3   |
| <b>COMMUNITY DIRECTORATE TOTAL</b>   |  | <b>3,092</b>                           | <b>1,146</b>                                | <b>1,699</b>  | <b>3,086</b>                    | <b>1,321</b>                          | <b>2,298</b>  | <b>1,466</b>                         | <b>825</b>                            | <b>825</b>                           | <b>825</b>                          | <b>0</b>                            | <b>3,941</b>                        | <b>7,071</b>  | <b>(906)</b>   |                             | <b>6,165</b>                                      |
| <b>ENVIRONMENT DIRECTORATE</b>       |  |  |   |   |                                 |                                       |   |                                      |                                       |                                      |                                     |                                     |                                     |   |  |                             |   |
| <b>Operational Services</b>          |  |  |   |   |                                 |                                       |   |                                      |                                       |                                      |                                     |                                     |                                     |   |  |                             |   |
| OP1/OP                               | Flood resilience measures (use in conjunction with grant           | 445                                    | 324   | 21  | 121                             | -                                     | 0   | 121                                  | -                                     | -                                    | -                                   | -                                   | 121                                 | 445   | -  | -                           | 445   |
| OP5                                  | Mill Lane (Pirbright) Flood Protection Scheme                      | 71                                     | 55  | -   | 16                              | -                                     | -   | 16                                   | -                                     | -                                    | -                                   | -                                   | 16                                  | 71  | (19)   | -                           | 52  |
| OP6                                  | Vehicles, Plant & Equipment Replacement Programme                  | 10,665                                 | 6,099                                       | 4,220   | 4,566                           | 607                                   | 4,000   | 566                                  | -                                     | -                                    | -                                   | -                                   | 566                                 | 10,665  | (26)   | -                           | 10,639  |
| OP22                                 | Litter bins replacement (complete)                                 | 265                                    | 112   | 153   | 153                             | -                                     | -   | -                                    | -                                     | -                                    | -                                   | -                                   | -                                   | 112   | -  | -                           | 112   |
| OP26                                 | Marrow lane grille & headwall construction                         | 60                                     | 3   | 57  | 57                              | -                                     | -   | 57                                   | -                                     | -                                    | -                                   | -                                   | 57                                  | 60  | -  | -                           | 60  |
| OP27                                 | Marrow & Burpham surface water study                               | 15                                     | -   | -   | 15                              | -                                     | -   | 15                                   | -                                     | -                                    | -                                   | -                                   | 15                                  | 15  | -  | -                           | 15  |
| OP28                                 | Crown court CCTV   | 10                                     | -   | -   | 10                              | -                                     | -   | 10                                   | -                                     | -                                    | -                                   | -                                   | 10                                  | 10  | -  | -                           | 10  |
| OP22                                 | Town Centre CCTV upgrade   | 250                                    | -   | -   | 250                             | -                                     | -   | 250                                  | -                                     | -                                    | -                                   | -                                   | 250                                 | 250   | -  | -                           | 250   |
| <b>Parks and Leisure</b>             |  |  |   |   |                                 |                                       |   |                                      |                                       |                                      |                                     |                                     |                                     |   |  |                             |   |
| PL11                                 | Spectrum Roof replacement  | 4,000                                  | 1,680                                       | -   | 271                             | 101                                   | 120   | 151                                  | -                                     | -                                    | -                                   | -                                   | 151                                 | 3,100   | -  | -                           | 3,100   |
|                                      | Spectrum roof - steelwork ph2                                      | -                                      | 409   | -   | -                               | -                                     | -   | -                                    | -                                     | -                                    | -                                   | -                                   | -                                   | -   | -  | -                           | -   |
|                                      | Spectrum roof - steelwork ph3                                      | -                                      | 740   | -   | -                               | -                                     | -   | -                                    | -                                     | -                                    | -                                   | -                                   | -                                   | -   | -  | -                           | -   |
| PL15                                 | Infrastructure works: Guildford Commons                            | 150                                    | 3   | -   | 3                               | 1                                     | 3   | -                                    | -                                     | -                                    | -                                   | -                                   | -                                   | 6   | -  | -                           | 6   |
| PL15(a)                              | Infrastructure works: Guildford Commons: Marrow                    | -                                      | 15  | -   | -                               | -                                     | -   | -                                    | -                                     | -                                    | -                                   | -                                   | -                                   | 15  | -  | -                           | 15  |
| PL15(b)                              | Infrastructure works: Guildford Commons: Shalford                  | -                                      | 129   | -   | -                               | -                                     | -   | -                                    | -                                     | -                                    | -                                   | -                                   | -                                   | 129   | -  | -                           | 129   |
| PL20(b)                              | Westnye Gardens play area  | 125                                    | 122   | -   | 3                               | 5                                     | 3   | -                                    | -                                     | -                                    | -                                   | -                                   | -                                   | 125   | (3)  | -                           | 122   |
| PL20(c)                              | Redevelopment of Westborough and Park barn play area               | 320                                    | -   | 295   | 320                             | -                                     | -   | 320                                  | -                                     | -                                    | -                                   | -                                   | 320                                 | 320   | -  | -                           | 320   |
| PL34                                 | Stoke cemetery re-tarmac   | 47                                     | -   | 47  | 47                              | -                                     | -   | 47                                   | -                                     | -                                    | -                                   | -                                   | 47                                  | 47  | -  | -                           | 47  |
| PL35                                 | Woodbridge rd sportsground replace fencing(complete)               | 280                                    | 262   | -   | 19                              | 15                                    | 19  | -                                    | -                                     | -                                    | -                                   | -                                   | -                                   | 280   | -  | -                           | 280   |
| PL42                                 | Pre-sang costs   | 100                                    | 51  | -   | 49                              | 6                                     | 49  | -                                    | -                                     | -                                    | -                                   | -                                   | -                                   | 100   | -  | -                           | 100   |
| PL57                                 | Parks and Countryside - repairs and renewal of paths,roads         | 165                                    | 121   | -   | 44                              | 16                                    | 44  | -                                    | -                                     | -                                    | -                                   | -                                   | -                                   | 165   | -  | -                           | 165   |
| PL24                                 | Kings college astro turf   | 547                                    | 494   | -   | 53                              | 4                                     | 18  | -                                    | -                                     | -                                    | -                                   | -                                   | -                                   | 512   | (401)  | -                           | 111   |
| PL58                                 | Shalford Common - regularising car parking/reduction of            | 121                                    | 22  | 99  | 99                              | -                                     | -   | 99                                   | -                                     | -                                    | -                                   | -                                   | 99                                  | 121   | -  | -                           | 121   |
|                                      | Allen House Pavillion - Roof Works                                 | 30                                     | -   | -   | 30                              | -                                     | -   | -                                    | -                                     | -                                    | -                                   | -                                   | -                                   | 30  | -  | -                           | 30  |
| PL60                                 | Traveller encampments - Bellfields Green                           | 82                                     | 62  | 10  | 20                              | 22                                    | 20  | -                                    | -                                     | -                                    | -                                   | -                                   | -                                   | 82  | -  | -                           | 82  |
| PL60                                 | Traveller encampments - Shalford Common                            | 48                                     | -   | -   | 48                              | -                                     | -   | 48                                   | -                                     | -                                    | -                                   | -                                   | 48                                  | 48  | -  | -                           | 48  |
| PL60                                 | Traveller encampments - Christchurch Spectrum                      | 5                                      | -   | 5   | 5                               | -                                     | -   | 5                                    | -                                     | -                                    | -                                   | -                                   | 5                                   | -   | -  | -                           | 5   |
| <b>ENVIRONMENT TOTAL DIRECTORATE</b> |  | <b>17,801</b>                          | <b>10,702</b>                               | <b>4,907</b>  | <b>6,199</b>                    | <b>778</b>                            | <b>4,311</b>  | <b>1,700</b>                         | <b>-</b>                              | <b>-</b>                             | <b>-</b>                            | <b>-</b>                            | <b>1,700</b>                        | <b>16,713</b>   | <b>(448)</b>   |                             | <b>16,265</b>                                     |

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

| Ref  | Directorate/Service and Capital Scheme name                   | Approved gross estimate<br>(a)<br>£000 | Cumulative spend at 31-03-20<br>(b)<br>£000 | 2020-21   |                                 |                                       | Projected expenditure at end P10<br>(e)<br>£000 | Projected expenditure by project officer<br>(f)<br>£000 | 2021-22 Est for year<br>(ii)<br>£000 | 2022-23 Est for year<br>(iii)<br>£000 | 2023-24 Est for year<br>(iv)<br>£000 | 2024-25 Est for year<br>(v)<br>£000 | 2025-26 Est for year<br>(v)<br>£000 | Future years est exp<br>(g)<br>£000 | Projected expenditure total<br>(b)+(f)+(g) = (h)<br>£000 | Grants / Contributions towards cost of scheme<br>(i)<br>£000 | Funded from Reserves<br>(j) | Net cost of scheme<br>(h)-(i)-(j) = (k)<br>£000 |
|--|---|--|---|---|---------------------------------|---------------------------------------|---|---|--------------------------------------|---------------------------------------|--------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|--|--|-----------------------------|---|
|  |   |  |   | Estimate approved by Council in February<br>(c)<br>£000 | Revised estimate<br>(d)<br>£000 | Expenditure at end P10<br>(e)<br>£000 |   |   |                                      |                                       |                                      |                                     |                                     |                                     |  |  |                             |   |
| <b>FINANCE DIRECTORATE</b>                                   |   |  |   |   |                                 |                                       |   |   |                                      |                                       |                                      |                                     |                                     |                                     |  |  |                             |   |
| FS1  | Financial Services<br>Capital contingency fund                | annual                                 | -   | 5,000   | 4,900                           | -                                     | 900   | 5,000   | 5,000                                | 5,000                                 | 5,000                                | -                                   | 20,000                              | 20,900                              | -  |  |                             | 20,900  |
| <b>RESOURCES DIRECTORATE TOTAL</b>                           |   | <b>0</b>                               | <b>0</b>                                    | <b>5,000</b>  | <b>4,900</b>                    | <b>0</b>                              | <b>900</b>                                      | <b>5,000</b>  | <b>5,000</b>                         | <b>5,000</b>                          | <b>5,000</b>                         | <b>0</b>                            | <b>20,000</b>                       | <b>20,900</b>                       | <b>0</b>   |  |                             | <b>20,900</b>                                   |
| <b>DEVELOPMENT/INCOME GENERATING/COST REDUCTION PROJECTS</b> |   |  |   |   |                                 |                                       |   |   |                                      |                                       |                                      |                                     |                                     |                                     |  |  |                             |   |
| <b>Development / Infrastructure</b>                          |   |  |   |   |                                 |                                       |   |   |                                      |                                       |                                      |                                     |                                     |                                     |  |  |                             |   |
| ED54   | Rodboro Buildings - electric theatre through road and parking | 450                                    | 17  | 280   | 433                             | 7                                     | 11  | 422   | -                                    | -                                     | -                                    | -                                   | 422                                 | 450                                 | -  |  |                             | 450   |
| ED18   | Museum and castle development (no longer reqd)                | 1,652                                  | 188   | 1,020   | 1,464                           | -                                     | 0   | -   | -                                    | -                                     | -                                    | -                                   | -                                   | 188                                 | -  |  |                             | 188   |
| ED52   | Public Realm Scheme (Chapel Street/Castle)                    | 2,627                                  | 1,011                                       | -   | 1,616                           | -                                     | (0)   | -   | -                                    | -                                     | -                                    | -                                   | -                                   | 1,011                               | -  |  |                             | 1,011   |
| P5   | Walnut Bridge replacement                                     | 5,098                                  | 1,667                                       | 1,593   | 3,414                           | 868                                   | 1,500   | 1,931   | -                                    | -                                     | -                                    | -                                   | 1,931                               | 5,097                               | (2,482)  | (950)  | 1,665                       |   |
| ED32   | Internal Estate Road - CLLR Phase 1                           | 11,139                                 | 10,571                                      | -   | 568                             | 112                                   | 568   | -   | -                                    | -                                     | -                                    | -                                   | -                                   | 11,139                              | (5,107)  |  | 6,032                       |   |
| P9c  | Town Centre Gateway Regeneration(no longer reqd)              | 3,523                                  | 50  | 3,480   | 3,473                           | -                                     | -   | -   | -                                    | -                                     | -                                    | -                                   | -                                   | 50                                  | -  |  | 50                          |   |
|  | SMC(West) Phase 1   | 4,403                                  | 1,192                                       | 2,975   | 3,211                           | 305                                   | 1,553   | 1,658   | -                                    | -                                     | -                                    | -                                   | 1,658                               | 4,403                               | (3,228)  |  | 1,175                       |   |
| P16  | A331 hotspots   | 3,930                                  | 269   | 3,146   | 3,661                           | 46                                    | 3,161   | 500   | -                                    | -                                     | -                                    | -                                   | 500                                 | 3,930                               | (2,939)  |  | 991                         |   |
| P14  | Town Centre Approaches  | 1,033                                  | 7   | 816   | 1,026                           | 149                                   | 603   | 400   | -                                    | -                                     | -                                    | -                                   | 400                                 | 1,010                               | (700)  |  | 310                         |   |
| P22  | Ash Bridge Land acquisition                                   | 120                                    | 104   | -   | 16                              | -                                     | 16  | -   | -                                    | -                                     | -                                    | -                                   | -                                   | 120                                 | -  |  | 120                         |   |
| P21  | Ash Road Bridge   | 4,060                                  | 1,803                                       | 2,214   | 2,257                           | 489                                   | 1,000   | 1,257   | -                                    | -                                     | -                                    | -                                   | 1,257                               | 4,060                               | (4,060)  |  | -                           |   |
| P11  | Guildford West (PB) station                                   | 500                                    | -   | -   | 500                             | -                                     | -   | 500   | -                                    | -                                     | -                                    | -                                   | 500                                 | 500                                 | -  |  | 500                         |   |
| <b>Development Financial</b>                                 |   |  |   |   |                                 |                                       |   |   |                                      |                                       |                                      |                                     |                                     |                                     |  |  |                             |   |
|  | Investment in North Downs Housing (60%)                       | 15,180                                 | 8,183                                       | 4,500   | 5,315                           | 564                                   | 3,264   | 3,733   | -                                    | -                                     | -                                    | -                                   | 3,733                               | 15,180                              | -  |  |                             | 15,180  |
|  | Equity shares in Guildford Holdings Ltd (40%)                 | 10,120                                 | 5,460                                       | 3,000   | 3,543                           | 377                                   | 2,177   | 2,483   | -                                    | -                                     | -                                    | -                                   | 2,483                               | 10,120                              | -  |  |                             | 10,120  |
| ED25   | Guildford Park - Housing for Private and infrastructure works | 6,500                                  | 3,444                                       | 3,462   | 3,056                           | -                                     | -   | -   | -                                    | -                                     | -                                    | -                                   | -                                   | 3,444                               | -  |  |                             | 3,444   |
| ED49   | Middleton Ind Est Redevelopment                               | 9,350                                  | 1,895                                       | 5,500   | 7,455                           | 2,075                                 | 3,755   | 3,700   | -                                    | -                                     | -                                    | -                                   | 3,700                               | 9,350                               | -  |  | 9,350                       |   |
| P12  | Property acquisitions   | 33,520                                 | 7,024                                       | 20,000  | 21,496                          | 658                                   | 1,496   | 25,000  | -                                    | -                                     | -                                    | -                                   | 25,000                              | 33,520                              | -  |  | 33,520                      |   |
| PL9  | Rebuild Crematorium   | 11,822                                 | 10,381                                      | -   | 1,441                           | 409                                   | 655   | -   | -                                    | -                                     | -                                    | -                                   | -                                   | 11,036                              | -  |  | 11,036                      |   |
| ED27   | North Street Development / Guild Town Centre regeneration     | 1,477                                  | 861   | 736   | 616                             | -                                     | -   | -   | -                                    | 616                                   | -                                    | -                                   | 616                                 | 1,477                               | (50)   |  | 1,427                       |   |
| ED6  | Slyfield Area Regeneration Project (SARP)                     | 31,259                                 | 5,202                                       | 700   | 8,750                           | 7,142                                 | 8,750   | 2,211   | 3,435                                | 3,436                                 | -                                    | -                                   | 9,082                               | 31,459                              | (3,535)  |  | 27,924                      |   |
| ED6  | WUV - Allotment relocation                                    | 200                                    | 158   | 160   | -                               | 153                                   | -   | -   | -                                    | -                                     | -                                    | -                                   | -                                   | -                                   | -  |  | -                           |   |
| ED6  | WUV - Int roads, Site clearance                               | -                                      | 1   | -   | -                               | -                                     | -   | -   | -                                    | -                                     | -                                    | -                                   | -                                   | -                                   | -  |  | -                           |   |
| ED6  | WUV - New GBC Depot   | 2,480                                  | 0   | -   | 2,480                           | 19                                    | 2,480   | -   | -                                    | -                                     | -                                    | -                                   | -                                   | 2,480                               | -  |  | 2,480                       |   |
| ED6  | WUV - Thames Water relocation                                 | -                                      | 8,267                                       | -   | -                               | 436                                   | -   | -   | -                                    | -                                     | -                                    | -                                   | -                                   | -                                   | -  |  | -                           |   |
| ED6  | WUV - Land Purchase   | -                                      | -   | -   | -                               | 1,091                                 | -   | -   | -                                    | -                                     | -                                    | -                                   | -                                   | -                                   | -  |  | -                           |   |
| <b>DEVELOPMENT/INCOME GENERATING/COST REDUCTION</b>          |   | <b>160,443</b>                         | <b>67,755</b>                               | <b>53,582</b>   | <b>75,791</b>                   | <b>14,900</b>                         | <b>30,989</b>                                   | <b>43,795</b>   | <b>3,435</b>                         | <b>3,436</b>                          | <b>616</b>                           | <b>0</b>                            | <b>51,282</b>                       | <b>150,026</b>                      | <b>(22,101)</b>  | <b>(950)</b>   | <b>126,975</b>              |   |
| <b>APPROVED SCHEMES TOTAL</b>                                |   | <b>181,336</b>                         | <b>79,603</b>                               | <b>65,188</b>   | <b>89,976</b>                   | <b>16,999</b>                         | <b>38,498</b>                                   | <b>51,961</b>   | <b>9,260</b>                         | <b>9,261</b>                          | <b>6,441</b>                         | <b>0</b>                            | <b>76,923</b>                       | <b>194,711</b>                      | <b>(23,455)</b>  | <b>(950)</b>   | <b>170,305</b>              |   |
| non-development projects total                               |   | 20,893                                 | 11,848                                      | 11,606  | 14,185                          | 2,099                                 | 7,509   | 8,166   | 5,825                                | 5,825                                 | 5,825                                | 0                                   | 25,641                              | 44,684                              | (1,354)  | 0  | 43,330                      |   |
| development/infrastructure - non-financial benefit           |   | 38,535                                 | 16,879                                      | 15,524  | 21,639                          | 1,977                                 | 8,412   | 6,668   | 0                                    | 0                                     | 0                                    | 0                                   | 6,668                               | 31,959                              | (18,516)   | (950)  | 12,492                      |   |
| development- financial benefit                               |   | 119,228                                | 42,451                                      | 38,058  | 54,152                          | 12,923                                | 22,577  | 37,127  | 3,435                                | 3,436                                 | 616                                  | 0                                   | 44,614                              | 118,068                             | (3,585)  | 0  | 114,483                     |   |
| <b>TOTAL</b>   |   | <b>178,656</b>                         | <b>71,178</b>                               | <b>65,188</b>   | <b>89,976</b>                   | <b>16,999</b>                         | <b>38,498</b>                                   | <b>51,961</b>   | <b>9,260</b>                         | <b>9,261</b>                          | <b>6,441</b>                         | <b>0</b>                            | <b>76,923</b>                       | <b>194,711</b>                      | <b>(23,455)</b>  | <b>(950)</b>   | <b>170,305</b>              |   |
| <b>SUMMARY</b>   |   |  |   |   |                                 |                                       |   |   |                                      |                                       |                                      |                                     |                                     |                                     |  |  |                             |   |
| <b>APPROVED SCHEMES - TOTAL</b>                              |   | <b>181,336</b>                         | <b>79,603</b>                               | <b>65,188</b>   | <b>89,976</b>                   | <b>16,999</b>                         | <b>38,498</b>                                   | <b>51,961</b>   | <b>9,260</b>                         | <b>9,261</b>                          | <b>6,441</b>                         | <b>-</b>                            | <b>76,923</b>                       | <b>194,711</b>                      | <b>(23,455)</b>  |  | <b>170,305</b>              |   |
| <b>GRAND TOTAL</b>   |   | <b>181,336</b>                         | <b>79,603</b>                               | <b>65,188</b>   | <b>89,976</b>                   | <b>16,999</b>                         | <b>38,498</b>                                   | <b>51,961</b>   | <b>9,260</b>                         | <b>9,261</b>                          | <b>6,441</b>                         | <b>-</b>                            | <b>76,923</b>                       | <b>194,711</b>                      | <b>(23,455)</b>  |  | <b>170,305</b>              |   |

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

| Ref  | 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 P10 | 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 3233 | Future years estimated expenditure | Projected expenditure total | Grants or Contributions towards cost of scheme | Net total cost of scheme to the Council |
|--|--|--------------------------------------|------------------------------|--|------------------|------------------------|--------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|-------------------------------------|------------------------------------|-----------------------------|--|---|
|  |  | (a)                                  | (b)                          | (c)  | (e)              | (f)                    | (g)                                  | (i)                  | (ii)                 | (iii)                | (iv)                 | (v)                  | (v)                  | (v)                  | (v)                                 | (h)                                | (b)+(g)+(h)=(i)             | (j)  | (i) - (j) = (k)                         |
|  |  | £000                                 | £000                         | £000   | £000             | £000                   | £000                                 | £000                 | £000                 | £000                 | £000                 | £000                 | £000                 | £000                 | £000                                | £000                               | £000                        | £000   | £000                                    |
| <b>PROVISIONAL SCHEMES (schemes approved in principle; further report to the Executive required)</b> |  |                                      |                              |  |                  |                        |                                      |                      |                      |                      |                      |                      |                      |                      |                                     |                                    |                             |  |   |
| <b>COMMUNITY DIRECTORATE</b>   |  |                                      |                              |  |                  |                        |                                      |                      |                      |                      |                      |                      |                      |                      |                                     |                                    |                             |  |   |
| <b>General Fund Housing</b>  |  |                                      |                              |  |                  |                        |                                      |                      |                      |                      |                      |                      |                      |                      |                                     |                                    |                             |  |   |
| CM1(b)   | Old Manor House - replacement windows (no longer reqd)         | 193                                  | -                            | 193  | 193              | -                      | -                                    | -                    | -                    | -                    | -                    | -                    | -                    | -                    | -                                   | -                                  | -                           | -  | -                                       |
| <b>Corporate Property</b>  |  |                                      |                              |  |                  |                        |                                      |                      |                      |                      |                      |                      |                      |                      |                                     |                                    |                             |  |   |
| 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(b)  | Westfield/Moorfield rd resurfacing                             | 3,152                                | -                            | 3,152  | 3,152            | -                      | -                                    | -                    | -                    | 3,152                | -                    | -                    | -                    | -                    | -                                   | 3,152                              | 3,152                       | -  | 3,152                                   |
| ED53(p)  | Tying Farm Land-removal of barns and concrete hardstanding     | 50                                   | -                            | 50   | 50               | -                      | -                                    | -                    | -                    | -                    | -                    | -                    | -                    | -                    | -                                   | 50                                 | 50                          | -  | 50                                      |
| ED56(p)  | Land to the rear of 39-42 Castle Street                        | 10                                   | -                            | 10   | 10               | -                      | -                                    | 10                   | -                    | -                    | -                    | -                    | -                    | -                    | -                                   | 10                                 | 10                          | -  | 10                                      |
| CP4  | New House works ( no longer reqd)                              | 416                                  | -                            | 416  | 416              | -                      | -                                    | -                    | -                    | -                    | -                    | -                    | -                    | -                    | -                                   | -                                  | -                           | -  | -                                       |
| CP5  | Energy & CO2 reduction in Council non HRA properties           | 2,268                                | -                            | 2,268  | 2,268            | -                      | -                                    | 788                  | 500                  | 500                  | 500                  | -                    | -                    | -                    | -                                   | 2,268                              | 2,268                       | -  | 2,268                                   |
| <b>Office Services</b>   |  |                                      |                              |  |                  |                        |                                      |                      |                      |                      |                      |                      |                      |                      |                                     |                                    |                             |  |   |
| CD3(P)   | Renewables (no longer reqd)                                    | 65                                   | -                            | 65   | 65               | -                      | -                                    | -                    | -                    | -                    | -                    | -                    | -                    | -                    | -                                   | -                                  | -                           | -  | -                                       |
| BS3(p)   | Millmead House - M&E plant renewal                             | 33                                   | -                            | 33   | 33               | -                      | -                                    | 33                   | -                    | -                    | -                    | -                    | -                    | -                    | -                                   | 33                                 | 33                          | -  | 33                                      |
| BS4(p)   | Hydro private wire - Tollhouse to Millmead (no longer reqd)    | 82                                   | -                            | 82   | 82               | -                      | -                                    | -                    | -                    | -                    | -                    | -                    | -                    | -                    | -                                   | -                                  | -                           | -  | -                                       |
| <b>COMMUNITY DIRECTORATE TOTAL</b>   |  | <b>7,739</b>                         | <b>-</b>                     | <b>5,499</b>                                     | <b>5,706</b>     | <b>-</b>               | <b>-</b>                             | <b>1,138</b>         | <b>543</b>           | <b>4,752</b>         | <b>500</b>           | <b>-</b>             | <b>-</b>             | <b>-</b>             | <b>-</b>                            | <b>6,933</b>                       | <b>6,933</b>                | <b>-</b>                                       | <b>6,933</b>                            |
| <b>ENVIRONMENT DIRECTORATE</b>   |  |                                      |                              |  |                  |                        |                                      |                      |                      |                      |                      |                      |                      |                      |                                     |                                    |                             |  |   |
| <b>Operational Services</b>  |  |                                      |                              |  |                  |                        |                                      |                      |                      |                      |                      |                      |                      |                      |                                     |                                    |                             |  |   |
| OP5(P)   | Mill Lane (Pirbright) 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)  | Surface water management plan                                  | 200                                  | -                            | 200  | 200              | -                      | -                                    | -                    | -                    | 200                  | -                    | -                    | -                    | -                    | -                                   | 200                                | 200                         | -  | 200                                     |
| <b>Parks and Leisure</b>   |  |                                      |                              |  |                  |                        |                                      |                      |                      |                      |                      |                      |                      |                      |                                     |                                    |                             |  |   |
| PL16(P)  | New burial grounds - acquisition & development                 | 7,834                                | 38                           | -  | 50               | -                      | 20                                   | 30                   | -                    | -                    | -                    | -                    | -                    | -                    | -                                   | 30                                 | 88                          | -  | 88                                      |
| PL18(P)  | Refurbishment / rebuild Sutherland Memorial Park Pavilion      | 150                                  | -                            | -  | -                | -                      | -                                    | -                    | -                    | 150                  | -                    | -                    | -                    | -                    | -                                   | 150                                | 150                         | -  | 150                                     |
| PL41(P)  | Stoke pk office accommodation & storage buildings              | 665                                  | -                            | 665  | 665              | -                      | -                                    | -                    | -                    | 665                  | -                    | -                    | -                    | -                    | -                                   | 665                                | 665                         | -  | 665                                     |
| PL45(p)  | Stoke Pk gardens water feature refurb                          | 81                                   | -                            | 81   | 81               | -                      | -                                    | 40                   | -                    | -                    | -                    | -                    | -                    | -                    | -                                   | 40                                 | 40                          | (29)   | 11                                      |
| PL55(p)  | Sutherland Memorial Park - electrical works COMPLETE           | 39                                   | -                            | 39   | 39               | -                      | -                                    | -                    | -                    | -                    | -                    | -                    | -                    | -                    | -                                   | -                                  | -                           | -  | -                                       |
| PL56(p)  | Stoke Park Masterplan enabling costs                           | 500                                  | -                            | 100  | 100              | -                      | 50                                   | 200                  | 100                  | 150                  | -                    | -                    | -                    | -                    | -                                   | 450                                | 500                         | -  | 500                                     |
| PL57(p)  | 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)  | Sports pavilions - replace water heaters                       | 154                                  | -                            | 28   | 28               | -                      | 28                                   | 42                   | 42                   | 42                   | -                    | -                    | -                    | -                    | -                                   | 126                                | 154                         | -  | 154                                     |
| PL59(p)  | Millmead fish pass   | 60                                   | -                            | 60   | 60               | -                      | -                                    | 60                   | -                    | -                    | -                    | -                    | -                    | -                    | -                                   | 60                                 | 60                          | -  | 60                                      |
| PL60(p)  | Traveller encampments  | 115                                  | -                            | 115  | 115              | -                      | 40                                   | 75                   | -                    | -                    | -                    | -                    | -                    | -                    | -                                   | 75                                 | 115                         | -  | 115                                     |
| <b>ENVIRONMENT DIRECTORATE TOTAL</b>   |  | <b>12,350</b>                        | <b>38</b>                    | <b>2,088</b>                                     | <b>3,090</b>     | <b>-</b>               | <b>188</b>                           | <b>2,349</b>         | <b>542</b>           | <b>742</b>           | <b>665</b>           | <b>-</b>             | <b>3,090</b>         | <b>-</b>             | <b>-</b>                            | <b>4,298</b>                       | <b>4,524</b>                | <b>(49)</b>                                    | <b>4,475</b>                            |
| <b>DEVELOPMENT/INCOME GENERATING/COST REDUCTION PROJECTS</b>   |  |                                      |                              |  |                  |                        |                                      |                      |                      |                      |                      |                      |                      |                      |                                     |                                    |                             |  |   |
| <b>Development / Infrastructure</b>  |  |                                      |                              |  |                  |                        |                                      |                      |                      |                      |                      |                      |                      |                      |                                     |                                    |                             |  |   |
| ED18(P)  | Guildford Museum (no longer reqd)                              | 16,810                               | -                            | 16,810   | 16,810           | -                      | -                                    | -                    | -                    | -                    | -                    | -                    | -                    | -                    | -                                   | -                                  | -                           | (11,800)                                       | (11,800)                                |
|  | Investment in North Downs Housing                              | 30,100                               | -                            | -  | -                | -                      | -                                    | 5,518                | 12,539               | -                    | -                    | -                    | -                    | -                    | -                                   | 18,057                             | 18,057                      | -  | 18,057                                  |
|  | Equity shares in Guildford Holidays Ltd                        | -                                    | -                            | -  | -                | -                      | -                                    | 3,683                | 8,360                | -                    | -                    | -                    | -                    | -                    | -                                   | 12,043                             | 12,043                      | -  | 12,043                                  |
| P10(n)   | Sustainable Movement Corridor                                  | 6,045                                | -                            | -  | -                | -                      | -                                    | -                    | -                    | 3,023                | 3,022                | -                    | -                    | -                    | -                                   | 6,045                              | 6,045                       | -  | 6,045                                   |
| P11(p)   | Guildford West (PB) station                                    | 4,700                                | -                            | 1,700  | 1,700            | -                      | 1,000                                | 2,000                | 1,700                | -                    | -                    | -                    | -                    | -                    | -                                   | 4,700                              | 4,700                       | (3,750)  | 950                                     |
| P14(p)   | Guildford Gyronator & approaches                               | 10,967                               | -                            | 3,500  | 3,500            | -                      | -                                    | -                    | -                    | -                    | -                    | -                    | -                    | -                    | -                                   | 10,967                             | 10,967                      | (5,000)  | 5,967                                   |
| P15(p)   | Guildford bike share (no longer reqd)                          | 530                                  | -                            | 530  | 530              | -                      | -                                    | -                    | -                    | -                    | -                    | -                    | -                    | -                    | -                                   | -                                  | -                           | -  | -                                       |
| P17(p)   | Bus station relocation   | 500                                  | -                            | 500  | 500              | -                      | -                                    | -                    | -                    | -                    | 500                  | -                    | -                    | -                    | -                                   | 500                                | 500                         | -  | 500                                     |
| P21(p)   | Ash Road Bridge  | 18,440                               | -                            | 18,440   | 18,440           | -                      | -                                    | 18,440               | -                    | -                    | -                    | -                    | -                    | -                    | -                                   | 18,440                             | 18,440                      | (18,440)                                       | -                                       |
| P21(n)   | Ash Road Footbridge  | 4,800                                | -                            | 4,800  | 4,800            | -                      | -                                    | 4,800                | -                    | -                    | -                    | -                    | -                    | -                    | -                                   | 4,800                              | 4,800                       | (4,800)  | -                                       |
| <b>Development Financial</b>   |  |                                      |                              |  |                  |                        |                                      |                      |                      |                      |                      |                      |                      |                      |                                     |                                    |                             |  |   |
| ED25(P)  | Guildford Park - Housing for Private and infrastructure works  | 23,125                               | -                            | 4,380  | 4,380            | -                      | -                                    | -                    | -                    | -                    | -                    | -                    | -                    | -                    | -                                   | -                                  | -                           | -  | -                                       |
| ED49(p)  | Redevelop Midleton industrial estate                           | 5,557                                | -                            | 5,557  | 5,557            | -                      | -                                    | 5,557                | -                    | -                    | -                    | -                    | -                    | -                    | -                                   | 5,557                              | 5,557                       | -  | 5,557                                   |
| PL51(p)  | Stoke Park - Home Farm Redevelopment                           | 4,000                                | -                            | -  | -                | -                      | -                                    | -                    | -                    | 4,000                | -                    | -                    | -                    | -                    | -                                   | 4,000                              | 4,000                       | -  | 4,000                                   |
| ED16(P)  | Shifford Area Regeneration Project (SARP) (GBC share)          | 293,869                              | -                            | -  | 7,499            | -                      | -                                    | 26,136               | 69,012               | 34,206               | 40,112               | 34,881               | 24,342               | 22,271               | 38,909                              | 293,869                            | 293,869                     | (52,300)                                       | 237,569                                 |
| ED38(P)  | North Street development                                       | 1,500                                | -                            | 29,090   | 500              | -                      | -                                    | -                    | -                    | 1,500                | -                    | -                    | -                    | -                    | -                                   | 1,500                              | 1,500                       | -  | 1,500                                   |
| HC4(p)   | Bright Hill Development  | 13,500                               | -                            | 500  | 680              | -                      | -                                    | 680                  | 5,000                | 7,000                | 820                  | -                    | -                    | -                    | -                                   | 13,500                             | 13,500                      | -  | 13,500                                  |
| P12(n)   | Property acquisitions  | 38,292                               | -                            | 9,492  | 9,492            | -                      | -                                    | 28,292               | 10,000               | -                    | -                    | -                    | -                    | -                    | -                                   | 38,292                             | 38,292                      | -  | 38,292                                  |
| P22(n)   | Guildford Economic Regeneration (GER) Programme                | -                                    | -                            | -  | -                | -                      | -                                    | 1,100                | -                    | -                    | -                    | -                    | -                    | -                    | -                                   | 1,100                              | 1,100                       | -  | 1,100                                   |
| <b>DEVELOPMENT/INCOME GENERATING/COST REDUCTION PROJECTS TOTAL</b>                                   |  | <b>468,735</b>                       | <b>-</b>                     | <b>94,769</b>                                    | <b>74,388</b>    | <b>-</b>               | <b>-</b>                             | <b>95,206</b>        | <b>106,911</b>       | <b>49,929</b>        | <b>56,921</b>        | <b>34,881</b>        | <b>24,342</b>        | <b>22,271</b>        | <b>38,909</b>                       | <b>429,370</b>                     | <b>429,370</b>              | <b>(96,090)</b>                                | <b>333,280</b>                          |
| <b>PROVISIONAL SCHEMES - GRAND TOTALS</b>  |  | <b>488,823</b>                       | <b>38</b>                    | <b>102,356</b>                                   | <b>83,184</b>    | <b>-</b>               | <b>188</b>                           | <b>98,693</b>        | <b>107,996</b>       | <b>55,423</b>        | <b>58,086</b>        | <b>34,881</b>        | <b>24,342</b>        | <b>22,271</b>        | <b>38,909</b>                       | <b>440,601</b>                     | <b>440,827</b>              | <b>(96,138)</b>                                | <b>344,688</b>                          |
| non development projects   |  | 20,089                               | 38                           | 7,587  | 8,796            | -                      | 188                                  | 3,487                | 1,085                | 5,494                | 1,165                | -                    | -                    | -                    | -                                   | 11,231                             | 11,457                      | (49)   | 11,408                                  |
| development/infrastructure - non-financial benefit   |  | 92,892                               | 0                            | 45,750   | 46,280           | 0                      | 0                                    | 33,441               | 22,899               | 4,723                | 14,489               | 0                    | 0                    | 0                    | 0                                   | 75,552                             | 75,552                      | (43,790)                                       | 31,762                                  |
| development - financial benefit  |  | 375,843                              | 0                            | 49,019   | 28,108           | 0                      | 0                                    | 61,765               | 84,012               | 45,206               | 42,432               | 34,881               | 24,342               | 22,271               | 38,909                              | 353,818                            | 353,818                     | (52,300)                                       | 301,518                                 |
| <b>TOTAL</b>   |  | <b>488,823</b>                       | <b>38</b>                    | <b>102,356</b>                                   | <b>83,184</b>    | <b>0</b>               | <b>188</b>                           | <b>98,693</b>        | <b>107,996</b>       | <b>55,423</b>        | <b>58,086</b>        | <b>34,881</b>        | <b>24,342</b>        | <b>22,271</b>        | <b>38,909</b>                       | <b>440,601</b>                     | <b>440,827</b>              | <b>(96,139)</b>                                | <b>344,688</b>                          |

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Appendix 5

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

| Ref  | Service Units / Capital Schemes                     | Approved gross estimate | Cumulative spend at 31-03-20 | 2020-21                                  |                  | Expenditure at end P10 | Projected exp est by project officer | 2021-22 Est for year | 2022-23 Est for year | 2023-24 Est for year | 2024-25 Est for year | 2025-26 Est for year | Future years est exp | Projected expenditure total | Grants / Contributions towards cost of scheme | Net cost of scheme |
|--|---|-------------------------|------------------------------|--|------------------|------------------------|--------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|-----------------------------|---|--------------------|
|  |   |                         |                              | Estimate approved by Council in February | Revised estimate |                        |                                      |                      |                      |                      |                      |                      |                      |                             |   |                    |
|  |   | (a)                     | (b)                          | (c)                                      | (d)              | (e)                    | (f)                                  | (i)                  | (ii)                 | (iii)                | (iv)                 | (v)                  | (g)                  | (b)+(f)+(g) = (h)           | (i)   | (h)-(f)            |
|  |   | £000                    | £000                         | £000                                     |                  | £000                   | £000                                 | £000                 | £000                 | £000                 | £000                 | £000                 | £000                 | £000                        | £000  | £000               |
| <b>APPROVED SCHEMES (fully funded from S106 contributions)</b> |   |                         |                              |  |                  |                        |                                      |                      |                      |                      |                      |                      |                      |                             |   |                    |
| <b>ENVIRONMENT DIRECTORATE</b>                                 |   |                         |                              |  |                  |                        |                                      |                      |                      |                      |                      |                      |                      |                             |   |                    |
| <b>Operational Services</b>                                    |   |                         |                              |  |                  |                        |                                      |                      |                      |                      |                      |                      |                      |                             |   |                    |
| <b>Parks and Leisure</b>                                       |   |                         |                              |  |                  |                        |                                      |                      |                      |                      |                      |                      |                      |                             |   |                    |
| S-PL36   | Gunpowder mills - signage, access and woodland imps | 36                      | 20                           | -  | 16               | 1                      | 16                                   | -                    | -                    | -                    | -                    | -                    | -                    | 36                          | (36)  | -                  |
| S-PL38   | Chantry Wood Campsite                               | 36                      |                              | -  | 36               | -                      | 36                                   | -                    | -                    | -                    | -                    | -                    | -                    | 36                          | (36)  | -                  |
| S-PL51   | Foxenden Quarry                                     | 101                     |                              |  | 101              | 3                      | 101                                  |                      |                      |                      |                      |                      |                      | 101                         | (101)   |                    |
| S-PL56   | SMP outdoor gym equipment COMPLETE                  | 2                       | 2                            |  |                  | 0                      | 0                                    |                      |                      |                      |                      |                      |                      | 2                           | (2)   | -                  |
| S-PL47   | Fir Tree Garden                                     | 28                      | 4                            | -  | 24               | 1                      | 24                                   | -                    | -                    | -                    | -                    | -                    | -                    | 28                          | (28)  | -                  |
| S-PL48   | Boardwalk Heathfield Nature Reserve                 | 13                      |                              |  | 13               | -                      | 13                                   |                      |                      |                      |                      |                      |                      | 13                          | (13)  |                    |
| S-PL49   | Waterside Playarea Muti Unit                        | 30                      |                              |  | 30               | -                      | 30                                   |                      |                      |                      |                      |                      |                      | 30                          | (30)  |                    |
| S-PL50   | Albury Playground Equip (PC)                        | 23                      |                              |  | 23               | 17                     | 23                                   |                      |                      |                      |                      |                      |                      | 23                          | (23)  |                    |
|  | <b>ENVIRONMENT DIRECTORATE TOTAL</b>                | <b>269</b>              | <b>26</b>                    | <b>-</b>                                 | <b>243</b>       | <b>23</b>              | <b>243</b>                           | <b>-</b>             | <b>-</b>             | <b>-</b>             | <b>-</b>             | <b>-</b>             | <b>-</b>             | <b>269</b>                  | <b>(269)</b>                                  | <b>-</b>           |
|  | <b>APPROVED S106 SCHEMES TOTAL</b>                  | <b>269</b>              | <b>26</b>                    | <b>-</b>                                 | <b>243</b>       | <b>23</b>              | <b>243</b>                           | <b>-</b>             | <b>-</b>             | <b>-</b>             | <b>-</b>             | <b>-</b>             | <b>-</b>             | <b>269</b>                  | <b>(269)</b>                                  | <b>-</b>           |
| <b>SUMMARY</b>   |   |                         |                              |  |                  |                        |                                      |                      |                      |                      |                      |                      |                      |                             |   |                    |
| <b>APPROVED S106 SCHEMES - TOTAL</b>                           |   |                         |                              |  |                  |                        |                                      |                      |                      |                      |                      |                      |                      |                             |   |                    |
| <b>GRAND TOTAL</b>   |   |                         |                              |  |                  |                        |                                      |                      |                      |                      |                      |                      |                      |                             |   |                    |
|  |   |                         | 26                           | -  | 243              | 23                     | 243                                  | -                    | -                    | -                    | -                    | -                    | -                    | 269                         | (269)   | -                  |
|  |   |                         | 26                           | -  | 243              | 23                     | 243                                  | -                    | -                    | -                    | -                    | -                    | -                    | 269                         | (269)   | -                  |

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

| Item No. | Projects & Sources of Funding   | Approved gross estimate | Cumulative spend at 31-03-20 | 2020-21                                  |                  | Expenditure at end P10 | 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)                     | (b)                          | Estimate approved by Council in February | Revised estimate |                        |                                      |                      |                      |                      |                      |                      |                      |                             |
|          |   | £000                    | £000                         | £000                                     | £000             | £000                   | £000                                 | £000                 | £000                 | £000                 | £000                 | £000                 | £000                 | £000                        |
|          | <b>COMMUNITY DIRECTORATE</b>  |                         |                              |  |                  |                        |                                      |                      |                      |                      |                      |                      |                      |                             |
|          | <b>ENERGY PROJECTS per SALIX RESERVE:(PR220)</b>                                |                         |                              |  |                  |                        |                                      |                      |                      |                      |                      |                      |                      |                             |
| R-EN10   | LED Lighting replacement (complete)   | 80                      | 61                           | -  | 19               | -                      | (0)                                  | -                    | -                    | -                    | -                    | -                    | -                    | 61                          |
| R-EN11   | WRD energy reduction (no longer reqd)   | 70                      | -                            | -  | 70               | -                      | -                                    | -                    | -                    | -                    | -                    | -                    | -                    | -                           |
| R-EN12   | LED lighting  | 44                      | -                            | 44                                       | 44               | -                      | 44                                   | -                    | -                    | -                    | -                    | -                    | -                    | 44                          |
| R-EN13   | ASHP CAB  | 28                      | -                            | -  | -                | -                      | -                                    | 28                   | -                    | -                    | -                    | -                    | 28                   | 28                          |
|          | <b>ENERGY PROJECTS per GBC INVEST TO SAVE RESERVE:</b>                          |                         |                              |  |                  |                        |                                      |                      |                      |                      |                      |                      |                      |                             |
|          | <i>GBC 'Invest to Save' energy projects (to be repaid in line with savings)</i> |                         |                              |  |                  |                        |                                      |                      |                      |                      |                      |                      |                      |                             |
| R-EN12   | PV/energy efficiency projects   | 100                     | 2                            | -  | 98               | -                      | 98                                   | -                    | -                    | -                    | -                    | -                    | -                    | 100                         |
| R-EN13   | Park Barn Day Centre - air source heat pump                                     | 143                     | 110                          | -  | -                | 3                      | 10                                   | -                    | -                    | -                    | -                    | -                    | -                    | 110                         |
| R-EN14   | SMP - air source heat pump  | 28                      | 1                            | 28                                       | 27               | -                      | 0                                    | 27                   | -                    | -                    | -                    | -                    | 27                   | 28                          |
|          | <b>ENERGY RESERVES TOTAL</b>  | <b>493</b>              | <b>174</b>                   | <b>72</b>                                | <b>258</b>       | <b>3</b>               | <b>152</b>                           | <b>55</b>            | <b>-</b>             | <b>-</b>             | <b>-</b>             | <b>-</b>             | <b>55</b>            | <b>371</b>                  |
|          | <b>BUDGET PRESSURES RESERVE</b>   |                         |                              |  |                  |                        |                                      |                      |                      |                      |                      |                      |                      |                             |
|          | Future Guildford implementation team  | 2,600                   | -                            | 1,600                                    | 2,600            | -                      | -                                    | -                    | -                    | -                    | -                    | -                    | -                    | -                           |
|          | <b>BUDGET PRESSURES RESERVE TOTAL</b>   | <b>2,600</b>            | <b>-</b>                     | <b>1,600</b>                             | <b>2,600</b>     | <b>-</b>               | <b>-</b>                             | <b>-</b>             | <b>-</b>             | <b>-</b>             | <b>-</b>             | <b>-</b>             | <b>-</b>             | <b>-</b>                    |
|          | <b>FINANCE DIRECTORATE</b>  |                         |                              |  |                  |                        |                                      |                      |                      |                      |                      |                      |                      |                             |
|          | <b>INFORMATION TECHNOLOGY - IT Renewals Reserve (PR265) : approved annually</b> |                         |                              |  |                  |                        |                                      |                      |                      |                      |                      |                      |                      |                             |
|          | Hardware / software budget  |                         |                              | 500                                      | 500              | -                      | 500                                  | 500                  | 500                  | 500                  | -                    | -                    | 1,500                | 2,000                       |
| R-IT1    | Hardware  | annual                  | annual                       | -  | -                | 13                     | -                                    | -                    | -                    | -                    | -                    | -                    | -                    | -                           |
| R-IT2    | Software  | annual                  | annual                       | -  | -                | 560                    | -                                    | -                    | -                    | -                    | -                    | -                    | -                    | -                           |
| R-IT3    | ICT infrastructure improvements   | 1,485                   | 1,695                        | -  | -                | 30                     | -                                    | -                    | -                    | -                    | -                    | -                    | -                    | 1,695                       |
| R-IT3    | IDOX Acolaid to Uniform   | 275                     | -                            | -  | 275              | -                      | 275                                  | -                    | -                    | -                    | -                    | -                    | -                    | 275                         |
| R-IT4    | LCTS alternative  | 56                      | -                            | 50                                       | 56               | -                      | 56                                   | -                    | -                    | -                    | -                    | -                    | -                    | 56                          |
| R-IT5    | Future Guildford ICT  | 1,200                   | 656                          | -  | 544              | -                      | 544                                  | -                    | -                    | -                    | -                    | -                    | -                    | 1,200                       |
|          | <b>IT RENEWALS RESERVE TOTAL</b>  | <b>3,016</b>            | <b>2,350</b>                 | <b>550</b>                               | <b>1,376</b>     | <b>603</b>             | <b>1,376</b>                         | <b>500</b>           | <b>500</b>           | <b>500</b>           | <b>-</b>             | <b>-</b>             | <b>1,500</b>         | <b>5,226</b>                |
|          | <b>ENVIRONMENT DIRECTORATE</b>  |                         |                              |  |                  |                        |                                      |                      |                      |                      |                      |                      |                      |                             |
|          | <b>SPECTRUM RESERVE</b>   |                         |                              |  |                  |                        |                                      |                      |                      |                      |                      |                      |                      |                             |
| R-S14    | Spectrum schemes (to be agreed with Freedom Leisure)                            | 700                     | 168                          | -  | 532              | -                      | 532                                  | -                    | -                    | -                    | -                    | -                    | -                    | 700                         |
|          | <b>SPECTRUM RESERVE TOTAL</b>   | <b>700</b>              | <b>168</b>                   | <b>-</b>                                 | <b>532</b>       | <b>-</b>               | <b>532</b>                           | <b>-</b>             | <b>-</b>             | <b>-</b>             | <b>-</b>             | <b>-</b>             | <b>-</b>             | <b>700</b>                  |
|          | <b>CAR PARKS RESERVE</b>  |                         |                              |  |                  |                        |                                      |                      |                      |                      |                      |                      |                      |                             |
| R-CP1    | Car parks - install/replace pay-on-foot equipment                               | 1,170                   | 240                          | -  | 930              | -                      | -                                    | 930                  | -                    | -                    | -                    | -                    | 930                  | 1,170                       |
|          | <b>Car Parks - Lighting &amp; Electrical improvements:</b>                      |                         |                              |  |                  |                        |                                      |                      |                      |                      |                      |                      |                      |                             |
| R-CP8    | - Castle car park (PR000299) deck surfacing                                     | 325                     | 251                          | -  | 6                | -                      | 6                                    | -                    | -                    | -                    | -                    | -                    | -                    | 257                         |
| R-CP18   | - Deck Millbrook car park   | 2,000                   | -                            | 1,000                                    | 1,000            | -                      | -                                    | -                    | -                    | -                    | -                    | -                    | -                    | -                           |
| R-CP14   | Lift replacement (PR000293)   | 841                     | 307                          | 187                                      | 534              | 309                    | 534                                  | -                    | -                    | -                    | -                    | -                    | -                    | 841                         |
| R-CP17   | Leapale rd MSCP drainage (PR000433)   | 90                      | 26                           | -  | 64               | -                      | 16                                   | -                    | -                    | -                    | -                    | -                    | -                    | 42                          |
| R-CP19   | Structural works to MSCP  | 300                     | 50                           | -  | 250              | -                      | -                                    | 100                  | -                    | -                    | -                    | -                    | 100                  | 150                         |
| R-CP20   | MSCP- Deck surface replacement & barriers                                       | 652                     | 526                          | -  | 126              | 0                      | 83                                   | -                    | -                    | -                    | -                    | -                    | -                    | 609                         |
| R-CP21   | Additional barriers Farnham Rd  | 15                      | -                            | 15                                       | 15               | -                      | 15                                   | -                    | -                    | -                    | -                    | -                    | -                    | 15                          |
| R-CP22   | Deck surface replacement (stair cores)Farnham Rd                                | 70                      | -                            | 70                                       | 70               | -                      | 70                                   | -                    | -                    | -                    | -                    | -                    | -                    | 70                          |
| R-CP23   | Deck surface replacement Leapale Rd   | 400                     | -                            | 400                                      | 400              | -                      | 10                                   | 390                  | -                    | -                    | -                    | -                    | 390                  | 400                         |
| R-CP24   | Signage replacement Leapale Rd(no longer reqd)                                  | 30                      | -                            | 30                                       | 30               | -                      | -                                    | -                    | -                    | -                    | -                    | -                    | -                    | -                           |
| R-CP25   | Structural repairs roof turret timbers Castle St                                | 60                      | -                            | 60                                       | 60               | -                      | 60                                   | -                    | -                    | -                    | -                    | -                    | -                    | 60                          |
|          | <b>CAR PARKS RESERVE TOTAL</b>  | <b>5,953</b>            | <b>1,401</b>                 | <b>1,762</b>                             | <b>3,485</b>     | <b>309</b>             | <b>794</b>                           | <b>1,420</b>         | <b>-</b>             | <b>-</b>             | <b>-</b>             | <b>-</b>             | <b>1,420</b>         | <b>3,615</b>                |
|          | <b>SPA RESERVE :</b>  |                         |                              |  |                  |                        |                                      |                      |                      |                      |                      |                      |                      |                             |
|          | SPA schemes (various)   | 100                     | annual                       | -  | 151              | -                      | 151                                  | -                    | -                    | -                    | -                    | -                    | -                    | 151                         |
| R-SPA1   | Chantry Woods   |                         |                              |  |                  |                        |                                      |                      |                      |                      |                      |                      |                      |                             |
| R-SPA2   | Effingham   |                         |                              |  |                  |                        |                                      |                      |                      |                      |                      |                      |                      |                             |
| R-SPA3   | Lakeside  |                         |                              |  |                  |                        |                                      |                      |                      |                      |                      |                      |                      |                             |

Appendix 7  
Agenda item number: 10

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

| Item No. | 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 P10 | 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)<br>£000             | (b)<br>£000                  | (c)<br>£000                                      | (e)<br>£000      | (f)<br>£000            | (i)<br>£000                          | (ii)<br>£000         | (iii)<br>£000        | (iv)<br>£000         | (v)<br>£000          | (g)<br>£000          | (b)+(f)+(g) = (h)<br>£000 |                             |
| R-SPA4   | Riverside                     |                         |                              |  |                  | -                      | -                                    |                      |                      |                      |                      |                      | -                         |                             |
| R-SPA5   | Parsonage                     |                         |                              |  |                  | -                      | -                                    |                      |                      |                      |                      |                      | -                         |                             |
|          | <b>SPA RESERVE TOTAL</b>      | <b>100</b>              | <b>-</b>                     | <b>-</b>   | <b>151</b>       | <b>-</b>               | <b>151</b>                           | <b>-</b>             | <b>-</b>             | <b>-</b>             | <b>-</b>             | <b>-</b>             | <b>-</b>                  | <b>151</b>                  |
|          | <b>GRAND TOTALS</b>           | <b>12,862</b>           | <b>4,093</b>                 | <b>3,984</b>                                     | <b>8,402</b>     | <b>915</b>             | <b>3,005</b>                         | <b>1,975</b>         | <b>500</b>           | <b>500</b>           | <b>-</b>             | <b>-</b>             | <b>2,975</b>              | <b>10,063</b>               |

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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)

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**Balance after funding capital expenditure as at 31 March**

|   | 2019-20<br>Actuals<br>£000 | 2020-21<br>Budget<br>£000 | 2020-21<br>Est Outturn<br>£000 | 2021-22<br>Estimate<br>£000 | 2022-23<br>Estimate<br>£000 | 2023-24<br>Estimate<br>£000 | 2024-25<br>Estimate<br>£000 | 2025-26<br>Estimate<br>£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                           |
| <b>Balance after funding capital expenditure as at 31 March</b> | <b>95</b>                  | <b>0</b>                  | <b>95</b>                      | <b>0</b>                    | <b>0</b>                    | <b>0</b>                    | <b>21,641</b>               | <b>48,758</b>               |

## 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<br>Actuals<br>£000 | 2020-21<br>Budget<br>£000 | 2020-21<br>Est Outturn<br>£000 | 2021-22<br>Estimate<br>£000 | 2022-23<br>Estimate<br>£000 | 2023-24<br>Estimate<br>£000 | 2024-25<br>Estimate<br>£000 | 2025-26<br>Estimate<br>£000 |
|---|----------------------------|---------------------------|--------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
|   | 45,685                     | 65,188                    | 38,498                         | 51,961                      | 9,260                       | 9,261                       | 6,441                       | 0                           |
|   | 0                          | 102,356                   | 188                            | 98,693                      | 107,996                     | 55,423                      | 58,086                      | 34,881                      |
|   | 86                         | 0                         | 243                            | 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                           |
| <b>Total estimated capital expenditure</b>                                    | <b>48,071</b>              | <b>171,528</b>            | <b>41,934</b>                  | <b>152,629</b>              | <b>117,756</b>              | <b>65,184</b>               | <b>64,527</b>               | <b>34,881</b>               |
| <b>To be funded by:</b>   |                            |                           |                                |                             |                             |                             |                             |                             |
| Capital receipts ( <i>per 2.above</i> )                                       | (18,111)                   | 0                         | (2,086)                        | (95)                        | 0                           | 0                           | 0                           | 0                           |
| Contributions   | (8,421)                    | (41,368)                  | (11,915)                       | (51,858)                    | (10,515)                    | (7,650)                     | (5,600)                     | 0                           |
| <u>R.C.C.O.:</u>  |                            |                           |                                |                             |                             |                             |                             |                             |
| Other reserves  | (2,300)                    | (4,204)                   | (6,693)                        | (2,195)                     | (720)                       | (720)                       | 0                           | 0                           |
|   | 0                          | 0                         | 0                              | 0                           | 0                           | 0                           | 0                           | 0                           |
|   | (28,832)                   | (45,572)                  | (20,694)                       | (54,148)                    | (11,235)                    | (8,370)                     | (5,600)                     | 0                           |
| Balance of funding to be met from (i) the Capital Reserve, and (ii) borrowing | (19,239)                   | (125,956)                 | (21,241)                       | (98,481)                    | (106,521)                   | (56,814)                    | (58,927)                    | (34,881)                    |
| <b>Total funding required</b>   | <b>(48,071)</b>            | <b>(171,528)</b>          | <b>(41,934)</b>                | <b>(152,629)</b>            | <b>(117,756)</b>            | <b>(65,184)</b>             | <b>(64,527)</b>             | <b>(34,881)</b>             |

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### 4.0 General Fund Capital Schemes Reserve (U01030)

Balance as at 1 April  
Add: General Fund Revenue Budget variations  
Contribution from revenue

Less: Applied re funding of capital programme

**Balance after funding capital expenditure etc.as at 31 March**

|   | 2019-20<br>Actuals<br>£000 | 2020-21<br>Budget<br>£000 | 2020-21<br>Est Outturn<br>£000 | 2021-22<br>Estimate<br>£000 | 2022-23<br>Estimate<br>£000 | 2023-24<br>Estimate<br>£000 | 2024-25<br>Estimate<br>£000 | 2025-26<br>Estimate<br>£000 |
|---|----------------------------|---------------------------|--------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Balance as at 1 April   | 894                        | 0                         | 0                              | 0                           | 0                           | 0                           | 0                           | 0                           |
| Add: General Fund Revenue Budget variations                         | 0                          | 0                         | 0                              | 0                           | 0                           | 0                           | 0                           | 0                           |
| Contribution from revenue   | 0                          | 0                         | 0                              | 0                           | 0                           | 0                           | 0                           | 0                           |
|   | 894                        | 0                         | 0                              | 0                           | 0                           | 0                           | 0                           | 0                           |
| Less: Applied re funding of capital programme                       | (894)                      | 0                         | 0                              | 0                           | 0                           | 0                           | 0                           | 0                           |
| <b>Balance after funding capital expenditure etc.as at 31 March</b> | <b>0</b>                   | <b>0</b>                  | <b>0</b>                       | <b>0</b>                    | <b>0</b>                    | <b>0</b>                    | <b>0</b>                    | <b>0</b>                    |

**Estimated shortfall at year-end to be funded from borrowing**

|  |               |                |               |               |                |               |               |               |
|--|---------------|----------------|---------------|---------------|----------------|---------------|---------------|---------------|
|  | <b>18,346</b> | <b>125,956</b> | <b>21,241</b> | <b>98,481</b> | <b>106,521</b> | <b>56,814</b> | <b>58,927</b> | <b>34,881</b> |
|--|---------------|----------------|---------------|---------------|----------------|---------------|---------------|---------------|



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GUILDFORD B.C. - HOUSING INVESTMENT PROGRAMME 2020-21 to 2025-26: HRA APPROVED PROGRAMME

|  | Project Budget<br>£000 | 2019-20 Actual<br>£000 | Project Spend at 31-03-20<br>£000 | 2020-21 Estimate<br>£000 | Carry Forward | Expenditure as at P10<br>£000 | 2020-21 Projected Outturn<br>£000 | 2021-22 Estimate<br>£000 | 2022-23 Estimate<br>£000 | 2023-24 Estimate<br>£000 | 2024-25 Estimate<br>£000 | 2025-26 Estimate<br>£000 | Total Project Exp<br>£000 |
|--|------------------------|------------------------|-----------------------------------|--------------------------|---------------|-------------------------------|-----------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|---------------------------|
| <b>Acquisition of Land &amp; Buildings</b>         | 10,700                 | 1,218                  | 2,138                             | 1,800                    | 1,362         | 4,353                         | 4,962                             | 0                        | 1,800                    | 1,800                    | 0                        | 0                        | 10,700                    |
| <b>New Build</b>                                   |                        |                        |                                   |                          |               |                               |                                   |                          |                          |                          |                          |                          |                           |
| 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)         | 17                            | 17                                | 0                        | 0                        | 0                        | 0                        | 0                        | 3,500                     |
| 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             | 3                             | 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            | 15                            | 100                               | 0                        | 0                        | 0                        | 0                        | 0                        | 2,000                     |
| Bright Hill  | 500                    | 0                      | 0                                 | 500                      | 0             | 0                             | 0                                 | 500                      | 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            | 41                            | 45                                | 2,500                    | 4,950                    | 1,875                    | 0                        | 0                        | 9,425                     |
| Redevelopment bid 13                               | 533                    |                        |                                   | 533                      | 0             | 0                             | 0                                 | 533                      |                          |                          |                          |                          | 533                       |
| Redevelopment bid 14                               | 300                    |                        |                                   | 250                      | 50            | 3                             | 5                                 | 295                      |                          |                          |                          |                          | 300                       |
| <b>Schemes to promote Home-Ownership</b>           |                        |                        |                                   |                          |               |                               |                                   |                          |                          |                          |                          |                          |                           |
| Equity Share Re-purchases                          | annual                 | 155..397               | annual                            | 400                      | 0             | 292                           | 400                               | 400                      | 400                      | 400                      | 400                      | 400                      | annual                    |
| <b>Major Repairs &amp; Improvements</b>            |                        |                        |                                   |                          |               |                               |                                   |                          |                          |                          |                          |                          |                           |
| Retentions & minor carry forwards                  | annual                 | 0                      | annual                            | 40                       |               | 0                             | 40                                |                          |                          |                          |                          |                          | annual                    |
| Modern Homes - Kitchens, Bathrooms & Void refurb   | annual                 | 1,649                  | annual                            | 1,900                    |               | 729                           | 1,050                             |                          |                          |                          |                          |                          | annual                    |
| Doors and Windows                                  | annual                 | 76                     | annual                            | 300                      | 370           | 199                           | 278                               |                          |                          |                          |                          |                          | annual                    |
| Structural/Roof                                    | annual                 | 260                    | annual                            | 525                      | 295           | 166                           | 287                               |                          |                          |                          |                          |                          | annual                    |
| Energy efficiency: Central heating/Lighting        | annual                 | 1,146                  | annual                            | 1,000                    |               | 829                           | 1,319                             |                          |                          |                          |                          |                          | annual                    |
| General  | annual                 | 1,891                  | annual                            | 1,870                    | 116           | 616                           | 1,193                             |                          |                          |                          |                          |                          | annual                    |
| <b>Grants</b>                                      |                        |                        |                                   |                          |               |                               |                                   |                          |                          |                          |                          |                          |                           |
| Cash Incentive Scheme                              | annual                 | 0                      | annual                            | 75                       | 0             | 0                             | 75                                |                          |                          |                          |                          |                          | annual                    |
| <b>TOTAL APPROVED SCHEMES</b>                      | <b>40,681</b>          | <b>8,414</b>           | <b>17,375</b>                     | <b>14,930</b>            | <b>1,841</b>  | <b>7,671</b>                  | <b>10,188</b>                     | <b>7,034</b>             | <b>7,150</b>             | <b>4,075</b>             | <b>1,400</b>             | <b>400</b>               | <b>40,980</b>             |

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GUILDFORD B.C. - HOUSING INVESTMENT PROGRAMME 2019-20 to 2023-24: HRA PROVISIONAL PROGRAMME

|  | Project Budget<br>£000 | 2019-20 Actual<br>£000 | Project Spend at 31-03-19<br>£000 | 2020-21 Estimate<br>£000 | Carry Forward | 2020-21 Projected Outturn<br>£000 | 2021-22 Estimate<br>£000 | 2022-23 Estimate<br>£000 | 2023-24 Estimate<br>£000 | 2024-25 Estimate<br>£000 | 2025-26 Estimate<br>£000 | Total Project Exp<br>£000 |
|--|------------------------|------------------------|-----------------------------------|--------------------------|---------------|-----------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|---------------------------|
| <b>Acquisition of Land &amp; Buildings</b> | 10,000                 | 0                      | 0                                 | 0                        |               | 0                                 | 3,000                    | 3,000                    | 4,000                    | 0                        | 0                        | 10,000                    |
| <b>New Build</b>                           |                        |                        |                                   |                          |               |                                   |                          |                          |                          |                          |                          |                           |
| Guildford Park                             | 16,000                 | 318                    | 1,225                             | 6,760                    | 788           | 250                               | 0                        | 14,499                   | 26                       | 0                        | 0                        | 16,000                    |
| Guildford Park (from GF)                   | 23,125                 |                        |                                   |                          |               |                                   | 0                        | 4,380                    | 11,625                   | 7,120                    |                          | 23,125                    |
| Bright Hill                                | 3,000                  | 0                      | 0                                 | 1,500                    | 0             | 0                                 | 0                        | 3,000                    | 0                        | 0                        | 0                        | 3,000                     |
| Slyfield (25/26 £5m; 26/27 £44m)           | 1,000                  | 0                      | 0                                 | 0                        | 0             | 0                                 | 0                        | 1,000                    | 0                        | 0                        | 0                        | 1,000                     |
| Redevelopment bid 13                       | 10,124                 |                        |                                   | 3,197                    |               |                                   | 3,197                    | 5,861                    | 1,066                    | 0                        | 0                        | 10,124                    |
| Redevelopment bid 14                       | 3,000                  |                        |                                   | 1,000                    |               |                                   | 1,000                    | 1,500                    | 500                      | 0                        | 0                        | 3,000                     |
| <b>Major Repairs &amp; Improvements</b>    |                        |                        |                                   |                          |               |                                   |                          |                          |                          |                          |                          |                           |
| Major Repairs & Improvements               | annual                 |                        | annual                            | 0                        |               | 0                                 | 6,582                    | 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                    |
| <b>Grants</b>                              |                        |                        |                                   |                          |               |                                   |                          |                          |                          |                          |                          |                           |
| Cash Incentive Scheme                      | annual                 |                        | annual                            | 0                        |               | 0                                 | 75                       | 75                       | 75                       | 75                       | 75                       | annual                    |
| <b>Total Expenditure to be financed</b>    | <b>66,249</b>          | <b>318</b>             | <b>1,225</b>                      | <b>12,457</b>            | <b>788</b>    | <b>250</b>                        | <b>13,854</b>            | <b>38,815</b>            | <b>22,792</b>            | <b>12,695</b>            | <b>5,575</b>             | <b>66,249</b>             |

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**GUILDFORD B.C. - HOUSING INVESTMENT PROGRAMME 2020-21 to 2025-26: HRA RESOURCES AND FUNDING STATEMENT**

|  | 2019-20<br>Actual<br>£000 | 2020-21<br>Estimate<br>£000 | 2020-21<br>Projected<br>Outturn<br>£000 | 2021-22<br>Estimate<br>£000 | 2022-23<br>Estimate<br>£000 | 2024-25<br>Estimate<br>£000 | 2025-26<br>Estimate<br>£000 | 2026-27<br>Estimate<br>£000 |
|--|---------------------------|-----------------------------|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| <b>EXPENDITURE</b>   |                           |                             |   |                             |                             |                             |                             |                             |
| Approved programme   | 8,888                     | 14,930                      | 10,188                                  | 7,034                       | 7,150                       | 4,075                       | 1,400                       | 400                         |
| Provisional programme                                      | 0                         | 12,457                      | 250                                     | 13,854                      | 38,815                      | 22,792                      | 12,695                      | 5,575                       |
| <b>Total Expenditure</b>                                   | <b>8,888</b>              | <b>27,387</b>               | <b>10,438</b>                           | <b>20,888</b>               | <b>45,965</b>               | <b>26,867</b>               | <b>14,095</b>               | <b>5,975</b>                |
| <b>FINANCING OF PROGRAMME</b>                              |                           |                             |   |                             |                             |                             |                             |                             |
| Capital Receipts   | 381                       | 400                         | 300                                     | 400                         | 400                         | 400                         | 400                         | 400                         |
| 1-4-1 receipts   | 1,110                     | 6,383                       | 1,739                                   | 4,149                       | 11,997                      | 6,268                       | 2,436                       | 0                           |
| Contribution from Housing Revenue a/c (re cash incentives) | 0                         | 75                          | 75                                      | 75                          | 75                          | 75                          | 75                          | 75                          |
| Future Capital Programme reserve                           | 0                         | 0                           | 100                                     | 0                           | 0                           | 0                           | 0                           | 0                           |
| Major Repairs Reserve                                      | 5,023                     | 5,635                       | 4,167                                   | 6,582                       | 5,500                       | 5,500                       | 5,500                       | 5,500                       |
| New Build Reserve  | 2,373                     | 14,894                      | 4,058                                   | 9,682                       | 27,993                      | 14,624                      | 5,684                       | 0                           |
| Grants and Contributions                                   | 0                         | 0                           | 0                                       | 0                           | 0                           | 0                           | 0                           | 0                           |
| <b>Total Financing (= Total Expenditure)</b>               | <b>8,888</b>              | <b>27,387</b>               | <b>10,437</b>                           | <b>20,888</b>               | <b>45,965</b>               | <b>26,867</b>               | <b>14,095</b>               | <b>5,975</b>                |

**RESERVES - BALANCES**

|  | 2019-20<br>Actual<br>£000 | 2020-21<br>Estimate<br>£000 | 2020-21<br>Projected<br>Outturn<br>£000 | 2021-22<br>Estimate<br>£000 | 2022-23<br>Estimate<br>£000 | 2024-25<br>Estimate<br>£000 | 2025-26<br>Estimate<br>£000 | 2026-27<br>Estimate<br>£000 |
|--|---------------------------|-----------------------------|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| <b>Reserve for Future Capital Programme (U01035)</b> |                           |                             |   |                             |                             |                             |                             |                             |
| Balance b/f  | 33,329                    | 35,829                      | 35,829                                  | 38,228                      | 40,728                      | 43,228                      | 45,728                      | 48,228                      |
| Contribution in year                                 | 2,500                     | 2,500                       | 2,500                                   | 2,500                       | 2,500                       | 2,500                       | 2,500                       | 2,500                       |
| Used in year   | 0                         | 0                           | (100)                                   | 0                           | 0                           | 0                           | 0                           | 0                           |
| Balance c/f  | <b>35,829</b>             | <b>38,329</b>               | <b>38,228</b>                           | <b>40,728</b>               | <b>43,228</b>               | <b>45,728</b>               | <b>48,228</b>               | <b>50,728</b>               |

**Major Repairs Reserve (U01036)**

|                      |              |              |               |               |               |               |               |               |
|----------------------|--------------|--------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Balance b/f          | 9,234        | 8,526        | 9,754         | 11,222        | 10,275        | 10,275        | 10,275        | 10,275        |
| Contribution in year | 5,543        | 5,500        | 5,635         | 5,635         | 5,500         | 5,500         | 5,500         | 5,500         |
| Used in Year         | (5,023)      | (5,635)      | (4,167)       | (6,582)       | (5,500)       | (5,500)       | (5,500)       | (5,500)       |
| Balance c/f          | <b>9,754</b> | <b>8,391</b> | <b>11,222</b> | <b>10,275</b> | <b>10,275</b> | <b>10,275</b> | <b>10,275</b> | <b>10,275</b> |

**New Build Reserve (U01069)**

|                      |               |               |               |               |               |               |               |               |
|----------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Balance b/f          | 50,686        | 54,634        | 48,313        | 52,497        | 51,221        | 31,803        | 25,924        | 29,160        |
| Contribution in year | 0             | 8,406         | 8,241         | 8,406         | 8,574         | 8,746         | 8,921         | 9,099         |
| Used in Year         | (2,373)       | (14,894)      | (4,057)       | (9,682)       | (27,993)      | (14,624)      | (5,684)       | 0             |
| Balance c/f          | <b>48,313</b> | <b>48,146</b> | <b>52,497</b> | <b>51,221</b> | <b>31,803</b> | <b>25,924</b> | <b>29,160</b> | <b>38,259</b> |

**Usable Capital Receipts: 1-4-1 receipts (T01011)**

|                      |         |         |         |         |          |         |         |         |
|----------------------|---------|---------|---------|---------|----------|---------|---------|---------|
| Balance b/f          | 6,968   | 7,657   | 6,003   | 4,409   | 2,868    | (6,245) | (9,750) | (9,345) |
| Contribution in year | 145     | 2,609   | 145     | 2,609   | 2,884    | 2,762   | 2,841   | 2,898   |
| Used in Year         | (1,110) | (6,383) | (1,739) | (4,149) | (11,997) | (6,268) | (2,436) | 0       |

|             |       |       |       |       |         |         |         |         |
|-------------|-------|-------|-------|-------|---------|---------|---------|---------|
| Balance c/f | 6,003 | 3,883 | 4,409 | 2,868 | (6,245) | (9,750) | (9,345) | (6,448) |
|-------------|-------|-------|-------|-------|---------|---------|---------|---------|

Note: a contribution to this reserve is dependent on the number of RTB sales in the year determined in the HRA self financing model. There are many variables to the calculation of the 1:4:1 contribution. As an estimate, I have used a model provided by Sector which is based on our assumption of RTB sales

**Usable Capital Receipts - HRA Debt Repayment (T01010)**

|                      |       |       |       |       |       |       |       |       |
|----------------------|-------|-------|-------|-------|-------|-------|-------|-------|
| Balance b/f          | 3,952 | 4,243 | 4,216 | 4,480 | 5,141 | 5,824 | 6,529 | 7,257 |
| Contribution in year | 264   | 661   | 264   | 661   | 683   | 705   | 728   | 752   |
| Used in Year         | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     |
| Balance c/f          | 4,216 | 4,904 | 4,480 | 5,141 | 5,824 | 6,529 | 7,257 | 8,009 |

Note: each RTB sale generates a contribution to this reserve toward debt repayment determined in the HRA self financing model. A small number of sales are anticipated each year.

**Usable Capital Receipts - pre 2013-14 (T01008)**

|                                 |         |       |         |     |   |   |   |   |
|---------------------------------|---------|-------|---------|-----|---|---|---|---|
| Balance b/f                     | 9,559   | 2,260 | 3,618   | (0) | 0 | 0 | 0 | 0 |
| Contribution in year            | 0       | 0     | 0       | 0   | 0 | 0 | 0 | 0 |
| Used in Year (HRA = above)      | 0       | 0     | 0       | 0   | 0 | 0 | 0 | 0 |
| Used in Year (GF Housing Co)    | (5,941) | 0     | (3,618) | 0   | 0 | 0 | 0 | 0 |
| Used in Year (GF Housing - DFG) | 0       | 0     | 0       | 0   | 0 | 0 | 0 | 0 |
| Balance c/f                     | 3,618   | 2,260 | (0)     | 0   | 0 | 0 | 0 | 0 |

Note: Can only be used for HRA capital expenditure, affordable housing and regeneration schemes as set by GBC policy

**Usable Capital Receipts - post 2013-14 (T01012)**

|                            |       |       |       |       |       |       |       |       |
|----------------------------|-------|-------|-------|-------|-------|-------|-------|-------|
| Balance b/f                | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     |
| Contribution in year       | 520   | 289   | 520   | 289   | 292   | 295   | 298   | 298   |
| Used in Year (HRA = above) | (381) | (69)  | (299) | (69)  | (72)  | (75)  | (78)  | (475) |
| Used in Year (GF Housing)  | (139) | (220) | (221) | (220) | (220) | (220) | (220) | (220) |
| Balance c/f                | 0     | 0     | 0     | 0     | 0     | 0     | 0     | (397) |

Note: Can only be used for HRA capital expenditure, affordable housing and regeneration schemes as set by the Government

### Summary of Housing Investment Programme Expenditure Delay and RTB receipts impact

| Scheme  | 2020-21 £000  |               | Carry Forwards from 2019-20 | 2020-21                               |                                   | Projected Outturn Spend 31.3.21 | Difference     | % Slippage | Future Years Budgets (All Years) |               |                                |
|---|---------------|---------------|-----------------------------|---------------------------------------|-----------------------------------|---------------------------------|----------------|------------|----------------------------------|---------------|--------------------------------|
|   | Approved      | Provisional   |                             | TOTAL Budget (Approved & Provisional) | Forecasted spend @ P10 Monitoring |                                 |                |            | Approved                         | Provisional   | TOTAL Future years (All years) |
| 1 Acquisition of Land & Buildings                     | 1,800         |               | 1,362                       | 3,162                                 | 4,353                             | 4,962                           | 1,800          | -57%       | 3,600                            | 10,000        | 13,600                         |
| New Build Programme                                   |               |               |                             |                                       |                                   |                                 |                |            |                                  |               |                                |
| 3 Guildford Park                                      |               | 6,760         | 788                         | 7,548                                 | 213                               | 250                             | -7,298         | 97%        | 0                                | 14,525        | 14,525                         |
| 3a Guildford Park - moved from GF                     | 3,462         |               | -406                        | 3,056                                 | 197                               | 250                             | -2,806         | 92%        | 2,806                            | 23,125        | 25,931                         |
| 4 Appletree pub site                                  | 0             |               | -283                        | -283                                  | 17                                | 17                              | 300            | -106%      | 0                                |               | 0                              |
| 5 Slyfield Green (Corporation Club)                   | 0             |               | 11                          | 11                                    | 0                                 | 11                              | 0              | 0%         | 0                                |               | 0                              |
| 6 Willow Way  | 0             |               | 46                          | 46                                    | 0                                 | 46                              | 0              | 0%         | 0                                |               | 0                              |
| 7 Garage sites-                                       | 0             |               | 110                         | 110                                   | 0                                 | 0                               | 0              | 0%         | 0                                |               | 0                              |
| 8 Pond Meadow   | 0             |               | 0                           | 0                                     | 0                                 | 110                             | 0              |            | 0                                |               | 0                              |
| 9 Rowan Close   | 0             |               | 0                           | 0                                     | 0                                 | 0                               | 0              |            | 0                                |               | 0                              |
| 10 Great Goodwin Drive                                | 0             |               | 0                           | 0                                     | 3                                 | 0                               | 0              |            | 0                                |               | 0                              |
| 11 The Homestead                                      | 0             |               | 0                           | 0                                     | 0                                 | 0                               | 0              |            | 0                                |               | 0                              |
| 12 Fire Station/Ladymead                              | 25            |               | 75                          | 100                                   | 15                                | 100                             | 0              | 0%         | 0                                |               | 0                              |
| 13 Bright Hill  | 500           | 1,500         | 0                           | 2,000                                 | 0                                 | 0                               | -2,000         | 100%       | 500                              | 3,000         | 3,500                          |
| 14 Weyside Urban Village                              |               |               |                             |                                       |                                   |                                 |                |            | 0                                | 1,000         | 1,000                          |
| 15 Various small sites & feasibility/Site preparation | 0             |               |                             | 0                                     | 0                                 | 0                               | 0              |            | 1,000                            |               | 1,000                          |
| 16 Pipeline projects                                  | 2,250         |               | 95                          | 2,345                                 | 41                                | 45                              | -2,300         | 98%        | 9,325                            |               | 9,325                          |
| 17 Redevelopment bid 13                               | 533           | 3,197         | 0                           | 3,730                                 | 0                                 | 0                               | -3,730         | 100%       | 533                              | 10,124        | 10,657                         |
| 18 Redevelopment bid 14                               | 250           | 1,000         | 50                          | 1,300                                 | 3                                 | 5                               | -1,295         | 100%       | 295                              | 3,000         | 3,295                          |
| 19 Equity Share repurchases                           | 400           |               |                             | 400                                   | 292                               | 400                             | 0              | 0%         | 2,000                            |               | 2,000                          |
| <b>SUB TOTAL Housing Investment Prog (HIP)</b>        | <b>9,220</b>  | <b>12,457</b> | <b>1,848</b>                | <b>23,525</b>                         | <b>5,133</b>                      | <b>6,196</b>                    | <b>-17,329</b> | <b>74%</b> | <b>20,059</b>                    | <b>64,774</b> | <b>84,833</b>                  |
| 20 Major repairs and improvements                     | 5,635         |               | 781                         | 6,416                                 | 2,539                             | 4,167                           | -2,249         | 35%        | 0                                | 28,582        | 28,582                         |
| 21 HRA cash incentive grants                          | 75            |               |                             | 75                                    | 0                                 | 75                              | 0              | 0%         | 0                                | 375           | 375                            |
| <b>TOTAL HRA Capital Programme</b>                    | <b>14,930</b> | <b>12,457</b> | <b>2,629</b>                | <b>30,016</b>                         | <b>7,671</b>                      | <b>10,438</b>                   | <b>-19,578</b> | <b>65%</b> | <b>20,059</b>                    | <b>93,731</b> | <b>113,790</b>                 |

| Financing  | 2020-21 £000 |  | TOTAL Budget Approved at Council | Forecasted spend @ P10 Monitoring | Projected Outturn Spend 31.3.21 | Difference     | % Slippage |  |                | Financing of future spend |
|--|--------------|--|----------------------------------|-----------------------------------|---------------------------------|----------------|------------|--|----------------|---------------------------|
| Capital Receipts   |              |  |                                  |                                   |                                 |                |            |  |                |                           |
| 1-4-1 receipts   |              |  | 6,383                            |                                   | 1,739                           | -4,644         | -73%       |  | 24,850         |                           |
| Contribution from Housing Revenue a/c (re cash incentives) |              |  | 75                               |                                   | 75                              | 0              |            |  | 375            |                           |
| Future Capital Programme reserve                           |              |  | 0                                |                                   | 100                             | 100            |            |  | 0              |                           |
| Major Repairs reserve                                      |              |  | 5,635                            |                                   | 4,167                           | -1,468         |            |  | 28,582         |                           |
| New Build Reserve  |              |  | 14,894                           |                                   | 4,058                           | -10,836        |            |  | 57,983         |                           |
| Grants and Contributions                                   |              |  | 0                                |                                   | 0                               | 0              |            |  | 0              |                           |
| <b>TOTAL Financing</b>                                     |              |  | <b>27,387</b>                    |                                   | <b>10,438</b>                   | <b>-16,949</b> |            |  | <b>113,790</b> |                           |

| Reconciliation of Spend to RTB (DELTA MHCLG)     | 2020-21 £000 |
|--|--------------|
| HIP Expenditure required to avoid RTB repayments | 7,297        |
| HIP Expenditure from the Capital programme       | 3,569        |
| Difference                                       | 3,728        |
| Repayment risk (30% of difference)               | 1,118        |

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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

Tel: 01483 444102

Email: john.armstrong@guildford.gov.uk

Date: 25 March 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

**22 April 2021**

| <b>Subject</b>  | <b>Details of decision to be taken</b>   | <b>Decision to be taken by</b>   | <b>Contact Officer</b>          |
|---|--|--|---------------------------------|
| 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<br>01483 444650       |
| Annual Audit Letter 2019-20   | To review the letter and make any comments to the Executive as appropriate.  | Corporate Governance and Standards Committee<br>Executive: 25 May 2021 | Claire Morris<br>01483 444827   |
| 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<br>01483 444827   |
| Data Protection and Information Security Update Report  | To consider a six-monthly update on compliance with statutory requirements   | Corporate Governance and Standards Committee                           | Ciaran Ward<br>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<br>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<br>01483 444014 |
| The Council's Constitution  | To review and update Procurement Procedure Rules   | Corporate Governance and Standards Committee<br>Council: 18 May 2021   | Faye Gould<br>01483 444120      |
| 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<br>01483 444867  |
| Annual Governance Statement 2020-21   | To adopt the Council's Annual Governance Statement 2020-21   | Executive: 25 May 2021   | John Armstrong<br>01483 444102  |
| Councillors' Code of Conduct  | To review provisions regarding acceptance of gifts and hospitality   | Corporate Governance and Standards Committee<br>Council: 18 May 2021   | John Armstrong<br>01483 444102  |

# 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: 22 June 2021<br>Council: 27 July 2021 | Victoria Worsfold<br>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: 22 June 2021                          | Victoria Worsfold<br>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: 22 June 2021                          | Victoria Worsfold<br>01483 444834 |
| External Audit 2021-22 Fee Letter                | To consider the planned audit fee  | Corporate Governance and Standards Committee     | Claire Morris<br>01483 444827     |
| Corporate Performance Monitoring                 | To receive a quarterly report setting out the Council's performance against its Key Performance Indicators   | Corporate Governance and Standards Committee     | Steve Benbough<br>01483 444052    |
| 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<br>01483 444102    |



# CORPORATE GOVERNANCE AND STANDARDS COMMITTEE: 12 MONTH ROLLING WORK PROGRAMME

29 July 2021

| <b>Subject</b>  | <b>Details of decision to be taken</b>   | <b>Decision to be taken by</b>               | <b>Contact Officer</b>                |
|---|--|--|---------------------------------------|
| 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<br>01483 444834     |
| 2020-21 Audited Statement of Accounts                       | To approve the 2020-21 Statement of Accounts   | Corporate Governance and Standards Committee | Victoria Worsfold<br>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<br>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)<br>0207 311 1791 |

# CORPORATE GOVERNANCE AND STANDARDS COMMITTEE: 12 MONTH ROLLING WORK PROGRAMME

**23 September 2021**

| <b>Subject</b>   | <b>Details of decision to be taken</b>   | <b>Decision to be taken by</b>  | <b>Contact Officer</b>            |
|--|--|---|-----------------------------------|
| 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<br>01483 444650         |
| 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<br>01483 444834 |
| Corporate Performance Monitoring                           | To receive a quarterly report setting out the Council's performance against its Key Performance Indicators   | Corporate Governance and Standards Committee                                | Steve Benbough<br>01483 444052    |
| 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<br>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<br>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<br>01483 444072       |
| The Council's Constitution                                 | To review and update Financial Procedure Rules   | Corporate Governance and Standards Committee<br><br>Council: 5 October 2021 | Victoria Worsfold<br>01483 444834 |

## 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<br>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)<br>0207 311 1791 |
| Corporate Performance Monitoring                               | To receive a quarterly report setting out the Council's performance against its Key Performance Indicators   | Corporate Governance and Standards Committee | Steve Benbough<br>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<br>Executive: 25 January 2022                             | Claire Morris<br>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<br>Executive: 25 January 2022<br>Council: 9 February 2022 | Victoria Worsfold<br>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<br>01483 444834 |
| Gender Pay Gap Report 2022-23                                  | To note the Council's gender pay gap report  | Corporate Governance and Standards Committee   | Francesca Smith<br>01483 444014   |
| Corporate Performance Monitoring                               | To receive a quarterly report setting out the Council's performance against its Key Performance Indicators           | Corporate Governance and Standards Committee   | Steve Benbough<br>01483 444052    |
| Freedom of Information Compliance - Annual Report 2021         | To consider the annual report for 2021 on the Council's performance in dealing with Freedom of Information requests. | Corporate Governance and Standards Committee   | Ciaran Ward<br>01483 444072       |

# CORPORATE GOVERNANCE AND STANDARDS COMMITTEE: 12 MONTH ROLLING WORK PROGRAMME

**24 March 2022**

| Subject   | Details of decision to be taken  | Decision to be taken by                      | Contact Officer                   |
|---|--|--|-----------------------------------|
| Annual Governance Statement 2021-22   | To adopt the Council's Annual Governance Statement 2021-22   | Executive: 26 April 2022                     | John Armstrong<br>01483 444102    |
| External Audit Plan and Audit Update 2021-22  | To approve the external audit plan for 2021-22, and to note the content of the External Auditor's update report and make any appropriate comments.   | Corporate Governance and Standards Committee | Claire Morris<br>01483 444827     |
| Financial Monitoring 2021-22 Period 10 (April 2021 to January 2022)   | To note the results of the Council's financial monitoring for period April 2020 to January 2021  | Corporate Governance and Standards Committee | Victoria Worsfold<br>01483 444834 |
| Corporate Performance Monitoring  | To receive a quarterly report setting out the Council's performance against its Key Performance Indicators   | Corporate Governance and Standards Committee | Steve Benbough<br>01483 444052    |
| Audit Report on the Certification of Financial Claims and Returns 2020-21: Housing Benefit Subsidy and Pooling Housing Capital Receipts | To note the position regarding the certification of financial claims and returns for 2020-21   | Corporate Governance and Standards Committee | Belinda Hayden<br>01483 444867    |
| 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<br>01483 444650         |

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