



[www.guildford.gov.uk](http://www.guildford.gov.uk)

Contact Officer:

John Armstrong, Democratic Services and  
Elections Manager

18 November 2020

Dear Councillor

Your attendance is requested at a meeting of the **CORPORATE GOVERNANCE AND STANDARDS COMMITTEE** to be held in the Via Microsoft Teams on **THURSDAY, 26 NOVEMBER 2020 at 7.00 pm.**

Yours faithfully

James Whiteman  
Managing Director

**MEMBERS OF THE COMMITTEE**

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

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

Mrs Maria Angel MBE \*  
Murray Litvak \*  
Julia Osborn ^  
Mr Ian Symes ^  
Tim Wolfenden \*

\*Independent member

^ Parish member

**Authorised Substitute Members:**

Councillor Jon Askew  
Councillor Ruth Brothwell  
Councillor Colin Cross  
Councillor Andrew Gomm  
Councillor Angela Gunning  
Councillor Tom Hunt

Councillor Masuk Miah  
Councillor Marsha Moseley  
Councillor Susan Parker  
Councillor Jo Randall  
Councillor Tony Rooth  
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 AUDIT FINDINGS REPORT FOR 2019-20 (Pages 5 - 60)**

**4 AUDITED STATEMENT OF ACCOUNTS 2019-20 (Pages 61 - 154)**

**5 FINANCIAL MONITORING 2020-21: PERIOD 6 (APRIL TO OCTOBER 2020)  
(Pages 155 - 212)**

**Please contact us to request this document in an alternative format**

Corporate Governance and Standards Committee Report

Report of Director of Finance

Author: Vicky Worsfold

Tel: 01483 444827

Email: Victoria.worsfold@guildford.gov.uk

Lead Councillor responsible: Councillor Tim Anderson

Tel: 07710 328560

Email: tim.anderson@guildford.gov.uk

Date: 26 November 2020

## **2019-20 Audit Findings Report – Year Ended 31 March 2020**

### **Executive Summary**

The audit of the 2019-20 accounts is nearly 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 immediately after the Committee meeting. The auditors have issued an Audit Findings report, which is included in Appendix 1, along with a management action plan (Audit Findings Report, appendix A).

Whilst the audit is currently still underway at the time of writing the report, it is still anticipated to meet the 31 November deadline.

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

The auditors propose to give an unqualified Value for Money conclusion. Their recommendations relating to value for money are included in the action plan. The key points relate to the medium-term financial plan and the general fund capital programme.

The Chair of the Corporate Governance and Standards Committee is required to issue a letter of representation on behalf of the Council to the auditors to provide assurance over the management framework operating at the Council and the disclosures in the accounts. A copy of the proposed letter is provided at Appendix 2.

### **Recommendation to Committee**

That the committee:

1. Notes Grant Thornton's Audit Findings report (Appendix 1 to this report) and the management responses provided in the action plan (Appendix A to Appendix 1)
2. Approves the letter of representation (Appendix 2 to this report), on behalf of the Council and authorises the Chair of the meeting to sign the letter on the Council's behalf

Reason(s) for Recommendation:

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

**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 Framework**

- 2.1 Good financial management underpins the achievement of the Council's Corporate Plan.

**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 30 July.
- 3.3 Appendix 1 is the draft AFR for 2018-19. The auditors found three audit adjustments and some minor omissions.
- 3.4 In relation to the statement of accounts, the auditors concluded that the Council produced a good set of financial statements, supported by comprehensive working papers and met the statutory deadline for producing the account of 31 May. The Auditors did not identify any adjustments which impact on the primary statements. The auditors also concluded that the Annual Governance Statement and Narrative Report are consistent with the financial statements.

- 3.5 In relation to value for money, the auditors concluded that in all significant respects, the Council had proper arrangements in place to secure economy, efficiency and effectiveness in its use of resources.
- 3.6 The auditor has made some recommendations relating to value for money; the action plan at Appendix A to the AFR gives the management responses. The external auditor will attend the meeting to present the report and answer any questions.
- 3.7 This committee has authority to approve the accounts on behalf of the Council. A separate report on this agenda considers the final statement of accounts, amended for the disclosure items raised in the AFR and includes an updated Annual Governance Statement.
- 3.8 In order for the auditor to conclude their audit, the Council is required to send a letter of representation to the auditors to provide assurance over the management framework and the disclosures made in the accounts. A copy of the proposed letter of representation is included at Appendix 2.

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

- 4.1 There are no financial implications arising from 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 with 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 approve and that the chair of the meeting signs the letter of representation on the Council's behalf.

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

- 6.1 There are no human resource implications arising from this report.

#### **7. Conclusion**

- 7.1 The audit of the 2019-20 accounts is nearly 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. The auditors did not find any adjustments that affected our reported financial position.
- 7.2 The auditors propose to give an unqualified Value for Money conclusion. Their recommendations relating to value for money are included in the action plan.

Agenda item number: 3

**8. Background Papers**

2019-20 Statement of Accounts

**9. Appendices**

Appendix 1 – Draft Audit Findings report 2019-20  
Appendix 2 – Letter of Representation – To follow





# The Audit Findings for Guildford Borough Council

---

Year ended 31 March 2020

18 November 2020

Page 9



Agenda item number: 3  
Appendix 1

# Contents



Your key Grant Thornton team members are:

**Sarah Ironmonger**

Key Audit Partner

T: 020 7865 2997

E: [Sarah.L.Ironmonger@uk.gt.com](mailto:Sarah.L.Ironmonger@uk.gt.com)

**Sebastian Evans**

Manager

T: 020 7728 3451

E: [Sebastian.Evans@uk.gt.com](mailto:Sebastian.Evans@uk.gt.com)

**Tafadzwa Nembaware**

Assistant Manager

T: (0)20 7728 3374

E: [Tafadzwa.Nembaware@uk.gt.com](mailto:Tafadzwa.Nembaware@uk.gt.com)

## Section

1. Headlines
2. Financial statements
3. Value for money
4. Independence and ethics

## 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.

Grant Thornton UK LLP is a limited liability partnership registered in England and Wales: No.OC307742. Registered office: 30 Finsbury Square, London, EC2A 1AG. A list of members is available from our registered office. Grant Thornton UK LLP is authorised and regulated by the Financial Conduct Authority. Grant Thornton UK LLP is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. Services are delivered by the member firms. GTIL and its member firms are not agents of, and do not obligate, one another and are not liable for one another's acts or omissions.

Agenda item number:	3
Appendix 1	1
	2
	30
	32
	42
	45
	46

# 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 is currently in progress, and is being completed remotely during October-November. Our findings are summarised on pages 5 to 19. We have identified two adjustments to the financial statements; neither 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>Our fieldwork is still in progress. However, once we have completed our work under the Code, 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.

Agenda item number: 3  
Appendix 1

# 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 still in progress. While we expect to be able to issue an unqualified audit opinion following the Corporate Governance and Standards Committee meeting on 26 November 2020, this is subject to our outstanding queries being resolved.

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 and potentially the date of our opinion.

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)

These outstanding items include:

- Receipt of information for;
  - Group consolidation
  - Journal entries
  - Property plant and equipment, investment properties – explanations to auditor queries
  - Heritage assets rights and obligations
  - PPE additions and disposals listings
  - Residual sample queries on
    - Grant Income
    - Other service expenditure and accounts payable
    - Fees, charges and other service income and accounts receivable
    - Investments and borrowings
- Review of information recently received
  - Debtors
  - Provisions
  - Senior officer remuneration
  - Review of Other Information
  - Related party transactions
  - Financial instruments
  - Cash flow statement
  - Notes to the collection fund
  - Notes to the HRA
  - Housing benefit expenditure
  - Movement in Reserves
- Completion of manager and key audit partner review of fieldwork;
- receipt of 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 (£ million)	Council Amount (£ 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. 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.

Subject to the completion of the outstanding work, 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 audit work in this area is still in progress, but to date 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.

Subject to the satisfactory resolution of outstanding matters set out on page 5, no other material issues have been identified from our work to date. Should any further issues arise that require reporting, we will do so before issuing our auditor's opinion.

# 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 soundness 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.

To date, no further material issues have been identified which are required to be reported to those charged with governance, subject to the satisfactory resolution of matters set out on page 5. Should any residual issues arise that require reporting, we will do so before issuing our auditor's report.





We have commented separately on the basis for the pension fund's estimation as part of our procedures on page 12.

# 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> <p>Our work in this area is still in progress.</p>	 <b>(green)</b> <b>TBC</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> <p>Our work in this area is still in progress.</p>	 <b>(green)</b> <b>TBC</b>


Page 19

## 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

Agenda item number: 3  
Appendix 1

# 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>Our work in this area is still in progress.</p>	<p style="text-align: center;">   <b>(green)</b>  <b>TBC</b> </p>


 Agenda item number: 3  
 Appendix 1

Page 20

## 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>Our work in this area is still in progress.</p>	 <b>(green)</b> <b>TBC</b>

## 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>Net pension liability – £114 million</b>	<p>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.</p> <p>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.</p> <p>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.</p>	<ul style="list-style-type: none"> <li>We have no concerns over the competence, capabilities and objectivity of the actuary used by the Council.</li> <li>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.</li> </ul>																									
<table border="1"> <thead> <tr> <th data-bbox="860 517 1413 596">Assumption</th> <th data-bbox="1413 517 1581 596">Actuary Value</th> <th data-bbox="1581 517 1749 596">PwC range</th> <th data-bbox="1749 517 1973 596">Assessment</th> </tr> </thead> <tbody> <tr> <td data-bbox="860 596 1413 652">Discount rate</td> <td data-bbox="1413 596 1581 652">2.3%</td> <td data-bbox="1581 596 1749 652">2.3%</td> <td data-bbox="1749 596 1973 652">●</td> </tr> <tr> <td data-bbox="860 652 1413 740">Pension increase rate</td> <td data-bbox="1413 652 1581 740">1.9%</td> <td data-bbox="1581 652 1749 740">1.8% - 2.0%</td> <td data-bbox="1749 652 1973 740">●</td> </tr> <tr> <td data-bbox="860 740 1413 852">Salary growth</td> <td data-bbox="1413 740 1581 852">2.8%</td> <td data-bbox="1581 740 1749 852">Employer specific</td> <td data-bbox="1749 740 1973 852">●</td> </tr> <tr> <td data-bbox="860 852 1413 971">Life expectancy – Males currently aged 45 / 65</td> <td data-bbox="1413 852 1581 971">22.9 / 22.1 years</td> <td data-bbox="1581 852 1749 971">21.6- 23.3 / 20.5 – 22.2</td> <td data-bbox="1749 852 1973 971">●</td> </tr> <tr> <td data-bbox="860 971 1413 1075">Life expectancy – Females currently aged 45 / 65</td> <td data-bbox="1413 971 1581 1075">25.7 / 24.3 years</td> <td data-bbox="1581 971 1749 1075">24.6 – 26.3 / 22.9 – 24.3</td> <td data-bbox="1749 971 1973 1075">●</td> </tr> </tbody> </table>				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	●
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	●																								
<ul style="list-style-type: none"> <li>No issues were noted with the completeness and accuracy of the underlying information used to determine the estimate.</li> <li>There have been no changes to the valuation method since the previous year, other than the updating of key assumptions above.</li> <li>We have confirmed that the Council’s share of the pension scheme assets is in line with expectations.</li> <li>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.</li> </ul>																											

**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
Level 2/3 investments	<p data-bbox="327 357 562 386"><u>Level 2 investments</u></p> <p data-bbox="327 397 1509 552">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 data-bbox="327 563 1229 592">In order to determine the fair value, management use the following techniques:</p> <ul data-bbox="327 608 1361 679" style="list-style-type: none"> <li data-bbox="327 608 994 636">• instruments with quoted market prices – the market price</li> <li data-bbox="327 651 1361 679">• other instruments with fixed and determinable payments – discounted cash flow analysis.</li> </ul> <p data-bbox="327 695 1473 850">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 data-bbox="327 866 562 895"><u>Level 3 investments</u></p> <p data-bbox="327 906 1509 1026">The Council have a £6.995 million loan balance with North Downs Housing Limited, its subsidiary. This has been classed as a level 3 investment categorised as “long-term loans to companies”. The fair value has been calculated using the value of the loans made to the company plus accrued interest on the loan.</p> <p data-bbox="327 1042 1487 1129">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 £4.3 million in 2019/20 due to the increased size of Guildford Borough Council's loan to North Downs Housing Limited.</p> <p data-bbox="327 1145 1491 1297">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.</p>	<p data-bbox="1547 357 1924 477">We reviewed management's basis for classifying and subsequently valuing level 2 and 3 investments.</p> <p data-bbox="1547 493 1883 552">Our work in this area is still in progress.</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 and potentially 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>From our work performed to date, 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

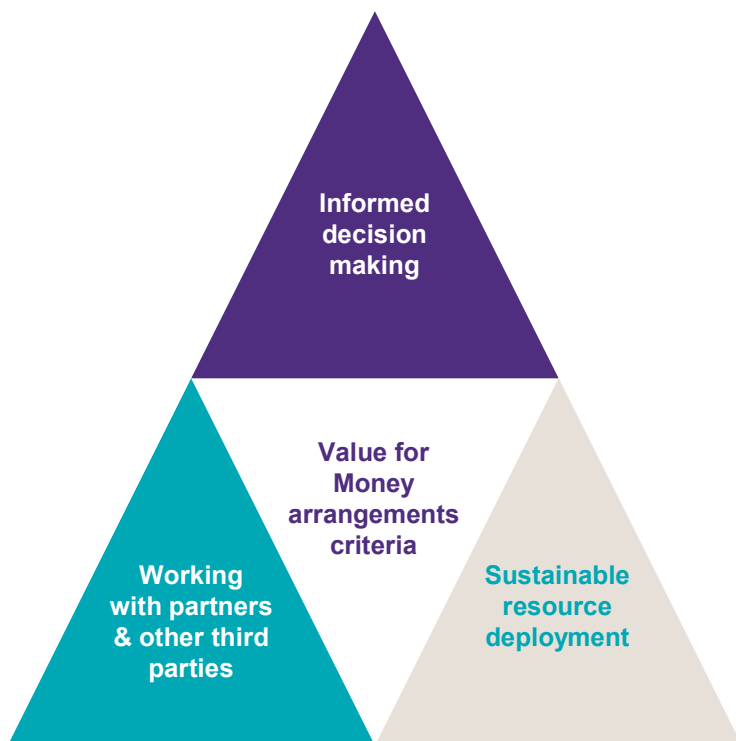
## Background to our VFM approach

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:



Page 27

## 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.

Agenda item number: 3  
Appendix 1

# 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 37	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 3 recommendations for the group as a result of issues identified during the course of our audit. 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
 <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>
 <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

We have identified 3 recommendations for the group as a result of issues identified during the course of our audit. 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
 <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 will be 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
Subject to completion of fieldwork	<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 to date.</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>Subject to completion of fieldwork</b></p>	<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>Our fieldwork on this area is still n progress. However, no issues with valuation basis have come to light to date.</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>

Agenda item number: 3  
Appendix 1

Page 44

**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
<b>Not yet implemented</b>	<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 Expenditure Statement £'000	Statement of Financial Position £' 000	Impact on total net expenditure £'000
<b>Note 17 – Short term debtors</b> 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.	[...]	356	[...]
<b>Note 19 – Short term creditors</b> 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.	[...]	(439)	[...]
<b>Overall impact</b>	<b>£0</b>	<b>(£83)</b>	<b>£0</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. <b>Management response</b> 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. <b>Management response</b> 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.  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.  Final paragraph in note - stating total liability is £116m, this is incorrect, total is £114m.	Correct disclosure. <b>Management response</b> 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

## Impact of unadjusted misstatements

We have not identified any unadjusted misstatements.

## 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.

<b>Audit fees</b>	<b>Proposed fee</b>	<b>Final fee</b>
Council Audit	51,800	TBC*
Group audit procedures	2,250	TBC*
<b>Total audit fees (excluding VAT)</b>	<b>£54,050</b>	<b>£XX,XXX</b>

The fees reconcile to the financial statements.

<b>Non-audit fees for other services</b>	<b>Proposed fee</b>	<b>Final fee</b>
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>

The fee has yet to be finalised as our fieldwork is still in progress.

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	Implemented.

Agenda item number: 23  
Appendix

Page 54

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)
<p>Finding (February 2019)</p>	<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>
<p>Management update (July 2019)</p>	<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>
<p>Management update (November 2020)</p>	<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>
<p>Auditor evaluation</p>	<p>Implemented.</p>

Page 55

Agenda item number: 3  
Appendix 1

## 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 – 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> 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, all 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> 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.

 Agenda item number: 3  
 Appendix 3

Page 56



## 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 57	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

Agenda item number: 3  
Appendix 1

## 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

Agenda item number: Appendix 3

Page 58

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 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>

Page 59

Agenda item number: 3  
Appendix 1



© 2020 Grant Thornton UK LLP. All rights reserved.

'Grant Thornton' refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires.

Grant Thornton UK LLP is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate, one another and are not liable for one another's acts or omissions.

Corporate Governance and Standards Committee Report

Report of the Chief Financial Officer

Author: Vicky Worsfold, Financial Services Manager

Tel: 01483 444827

Email: Victoria.worsfold@guildford.gov.uk

Lead Councillor responsible: Councillor Tim Anderson

Tel: 07710 328560

Email: tim.anderson@guildford.gov.uk

Date: 26 November 2020

## 2019-20 Audited Statement of Accounts

### Executive Summary

The terms of reference of the Corporate Governance and Standards Committee include approval of the statutory Statement of Accounts on behalf of the Council. The audited Statement of Accounts are attached at Appendix 1. The Audit Findings report, presented elsewhere on this agenda, covers the changes made to the accounts between the draft accounts, issued on 31 August 2020 and the audited accounts.

### Recommendation to Committee

It is recommended that

1. the Committee approves the audited Statement of Accounts 2019-20, as set out in Appendix 1, and grants delegation to the Chief Finance Officer to make any amendments as a result of changes requested by the auditors after this meeting and before the completion of the audit, and
2. the Chairman of the Committee signs the official copy of the accounts to state they are approved.

### Reason for Recommendation:

To approve the Statement of Accounts for 2019-20.

In order to comply with the Accounts and Audit Regulations 2015 the statutory Statement of Accounts requires approval by 31 July. 2020 has been an exceptional year and the Accounts and Audit regulations have had an amendment issued for the 2019-20 accounts revising the statutory Statement of Accounts approval date to 30 November 2020.

### 1. Purpose of Report

- 1.1 This report presents the audited statutory Statement of Accounts 2019-20 for approval by the Committee.

**2. Strategic Framework**

- 2.1 Good financial management underpins the achievement of the Council's Corporate Plan.

**3. Background**

- 3.1 The terms of reference of the Corporate Governance and Standards Committee include approval of the statutory Statement of Accounts on behalf of the Council.
- 3.2 The external auditor, Grant Thornton UK LLP, is currently completing their audit and the Chief Financial Officer (CFO) has re-certified the Statement of Accounts.
- 3.3 The Audit Findings report, presented elsewhere on this agenda, covers the changes made to the accounts between the draft accounts, published on 31 August 2019, and the audited accounts. The audited accounts attached at Appendix 1 include any changes.
- 3.4 The external auditor expects to issue an unqualified opinion on the financial statements.

**4. Financial Implications**

- 4.1 There are no financial implications arising from this report.

**5. Legal Implications**

- 5.1 The Accounts and Audit Regulations 2015 require that the Council or a committee must consider and approve the statement of accounts no later than 31 July. The Council has delegated this responsibility to the Corporate Governance and Standards committee.
- 5.2 The Accounts and Audit regulations also require the person presiding at the meeting to sign and date the statements that we must then publish, accompanied by the auditor's report, no later than 31 July.
- 5.3 Due to the impact of the Coronavirus, the statutory deadline has been moved to 30 November for one year only.

**6. Human Resource Implications**

- 6.1 There are no human resource implications arising from of this report.

**7. Conclusion**

- 7.1 The audit of the 2019-20 accounts is still currently underway and the independent auditor expects to issue an unqualified opinion on the financial

statements, which the CFO has re-certified in accordance with the Accounts and Audit Regulations 2015.

**8. Background Papers**

None

**9. Appendices**

Appendix 1 – Statement of Accounts 2019-20

This page is intentionally left blank





# Guildford Borough Council unaudited Statement of Accounts 2019-20

Draft, unaudited

Statement Of Responsibilities	4
Independent Auditor's Report To The Members of Guildford Borough Council	5
Chief Financial Officer's Narrative Report	6
General Accounting Policies	20
Comprehensive Income and Expenditure Statement (CIES)	23
Movement In Reserves (MIRS)	24
Balance Sheet	25
Cash Flow Statement	26
Notes To The Accounts	27
1a). Expenditure And Funding Analysis (EFA)	27
1b). Note To The Expenditure and Funding Analysis	28
1c). Segmental Income	30
2. Events After The Balance Sheet Date	<b>Error! Bookmark not defined.</b>
3. Expenditure And Income Analysed By Nature	30
4. Other Operating Expenditure	30
5. Financing And Investment Income and Expenditure	31
6. Taxation and Non-Specific Income Grant	31
7. Related Parties	31
8. Councillors' Allowances	32
9. Officers' Remuneration	33
10. External Audit Cost	34
11. Grant Income	35
12. Movements in Earmarked Reserves	36
13. Property, Plant And Equipment (PPE)	38
14. Heritage Assets	43
15. Investment Property	45
16. Intangible Assets	46
17. Assets Held For Sale	47
18. Short Term Debtors	47
19. Cash And Cash Equivalents	47
20. Short Term Creditors	48
21. Provisions	48
22. Cash Flow Statement – Operating Activities	49
Technical Notes To The Accounts	51
23. Adjustments Between Accounting And Funding Basis Under Regulations	51
24. Unusable Reserves	53
25. Capital Expenditure and Capital Financing	55
26. Leases	56
27. Defined Pension Benefit	58
28. Contingent Liabilities	64
29. Contingent Assets	64
30. Financial Instruments	64
31. Nature And Extent Of Risks Arising From Financial Instruments	70
32. North Downs Housing ltd	74
33. Critical Judgements In Applying Accounting Policies	74

**GUILDFORD BOROUGH COUNCIL STATEMENT OF ACCOUNTS 2019-20**

34. Assumptions Made About The Future And Other Major Sources Of Estimation Uncertainty	75
35. Accounting Standards that have been issued but not yet adopted	76
Housing Revenue Account (HRA) Income And Expenditure Statement	77
Movement On The Housing Revenue Account Statement	78
Notes To The Housing Revenue Account	78
1. Gross Rent Income	78
2. Rent Arrears	78
3. Housing Stock	79
4. Stock Valuation – Balance Sheet Basis	79
5. Stock Valuation – Vacant Possession Value	80
6. Major Repairs Reserve (MRR)	80
7. Capital Expenditure and Financing	80
8. Depreciation	80
9. Contributions to/from the Pensions Reserve	81
Collection Fund	82
Notes To The Collection Fund	82
1. General	82
2. Income from Business Rates	83
3. Income from Council Tax	83
4. Collection Fund Provisions	83
Annual Governance Statement 2019-20	85
Glossary	86

Draft, unaudited

**Statement Of Responsibilities**

**The Council's Responsibilities**

The Council is required to:

- Make arrangements for the proper administration of its financial affairs and to ensure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Chief Financial Officer.
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- Approve the Statement of Accounts.

**The Chief Financial Officer's Responsibilities**

The Chief Financial Officer is responsible for the preparation of the Council's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

In preparing this Statement of Accounts, the Chief Financial Officer has:

- selected suitable accounting policies and then applied them consistently
- made judgements and estimates that were reasonable and prudent
- complied with the local authority Code.

The Chief Financial Officer has also:

- kept proper accounting records which were up to date
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

I certify that the Statement of Accounts presents a true and fair view of the financial position of Guildford Borough Council at 31 March 2020 and of its income and expenditure for the year ended 31 March 2020.



Claire Williams Morris, BEng (Hons), FCPFA, Cert IPSFR  
Chief Financial Officer  
31 August 2020

**GUILDFORD BOROUGH COUNCIL STATEMENT OF ACCOUNTS 2019/20**

**Independent Auditor's Report To The Members of Guildford Borough Council**

To follow

Draft, unaudited

## **Chief Financial Officer's Narrative Report**

### **Financial Performance during the year – General Fund Revenue**

I have pleasure in presenting the Council's Statement of Accounts for the financial year 2019-20.

The overall financial climate continues to be difficult and is likely to remain so for a number of years. Local Government, which is continuing to play its part in helping to address the national funding deficit following the 2008 financial crisis, now has the greater challenge of coping with the outbreak of the worldwide pandemic Covid19. Over the last 10 years each Council has been required to continue to deliver services with fewer resources, that challenge is unlikely to get easier in the future. During this time, Guildford Borough Council ("the Council") has continued to maintain its focus on robust planning and monitoring of the budget and identification of efficiency savings for the future.

The Council's settlement funding assessment for 2019-20 from Central Government was an increase of 2.3% (£65,000). This followed reductions of:

- 2011-12 15.2%
- 2012-13 12.6%
- 2013-14 6.6%
- 2014-15 16.8%
- 2015-16 15.0%
- 2016-17 18.1%
- 2017-18 18.6% and
- 2018-19 10.8%

The budget for 2019-20 did not include any new investment services and but instead focussed on investment in ICT and business process re-engineering under the Future Guildford transformation programme, in order to deliver the savings required to balance the Council's budget over the medium term. The Future Guildford transformation programme, approved by Council in February 2019 proposed a one-off investment of £13.4 million of earmarked reserves in order to deliver on-going annual revenue savings of £10.2 million per annum by 2023-24.

The net budget requirement for the year 2019-20 was set in February 2019 at £45,264,844 an increase of £9.6 million from the Council's 2018-19 net budget requirement of £35,593,306. The net budget requirement is the amount the Council expects to spend after allowing for income from sources such as direct grants, fees, charges and rents but excludes income from revenue support grant, business rates and adjustments relating to the collection fund balance.

The net budget figure above excludes the precept requirements of the Parish Councils, which was £1,690,000 (2018-19 precept requirements were £1,631,985 an increase of 3.5%).

The Borough Council's band D council tax was set at £171.82, an increase of £5 (3.0%) from 2018-19. The report to [Council](#) on 26 February 2019, available on the Council's website, provides further details about the Council's budget for 2019-20.

We monitored performance against the budget closely through the year with particular attention paid to our key services (Development Control, Planning Policy, Industrial Estates, Investment Property, Leisure Management, Off Street Parking, Parks and Countryside and Refuse and Recycling), control of salaries and achievement of the efficiency savings included in the budget.

The Final Accounts report which will be presented to the Executive on 22 September 2020 (link to be inserted) available on the Council's website, gives a detailed analysis of the variances in service expenditure.

**GUILDFORD BOROUGH COUNCIL STATEMENT OF ACCOUNTS 2019-20**

The Council receives investment income from our cash backed reserves. As at 31 March 2020, we had around £117 million invested. Overall, net interest returns in the year were approximately £300,000 more than anticipated at £1.18 million. The Capital and Investment Outturn Report will be reported to Executive on 22 September 2020 (hyperlink to be inserted), available on the Council's website provides further information about the Council's investment and borrowing activity during the year and our performance against our prudential indicators.

In setting the 2019-20 budget, a minimum revenue provision of £0.96 million was assumed. The actual minimum revenue provision of £0.92 million which is approximately £40,000 less than budgeted.

Overall the net expenditure on the General Fund was lower than the original estimate to the value of £1.5 million. This has been utilised by making a £1.5 million transfer to the Invest to Save reserve to support the delivery of the Future Guildford Transformation Programme.

**Financial Performance during the year – Capital Expenditure**

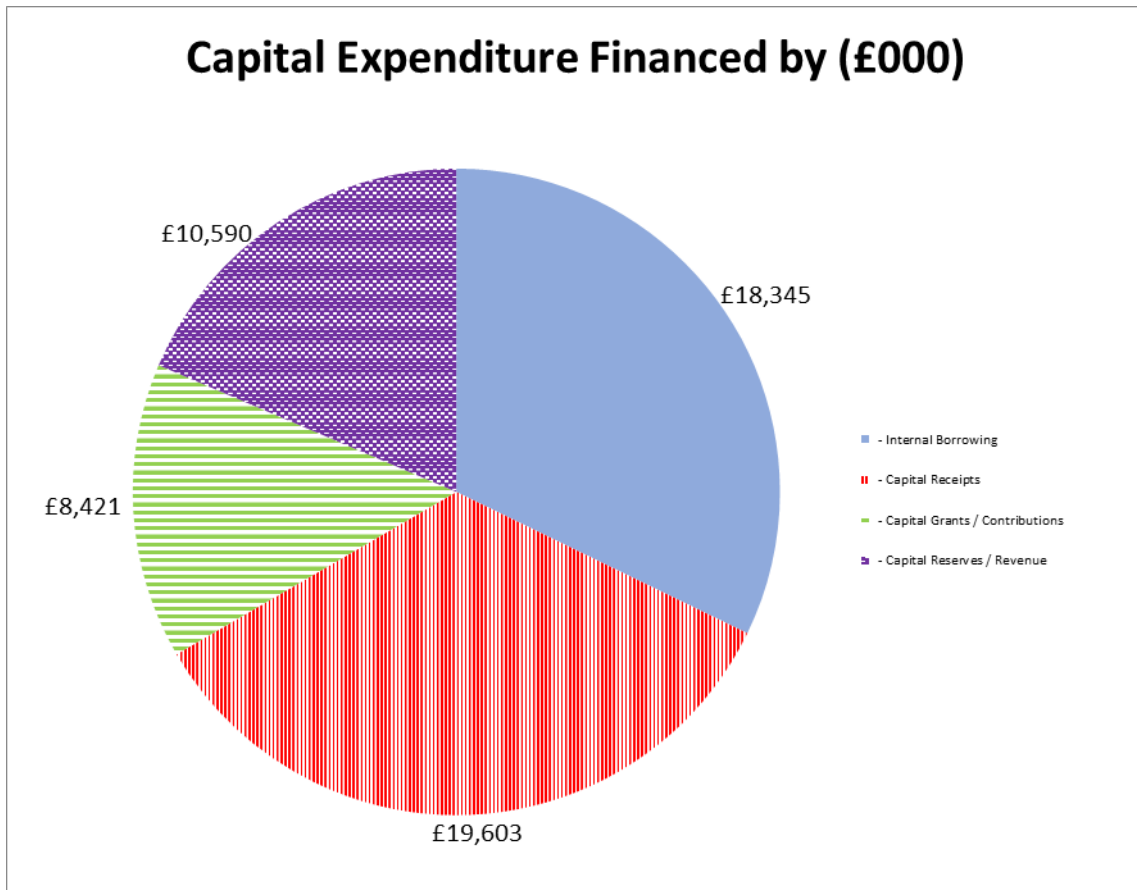
Capital expenditure in the year totalled £56.96 million. The major areas of capital spend are shown in the table below:

	Original estimate (£'m)	Actual (£'m)	Variance (£'m)
Non-housing approved programme	61.4	45.7	(15.7)
Non-housing provisional programme	17.5	0.0	(17.5)
Schemes financed from reserves	6.7	2.3	(4.4)
<b>Total</b>	<b>85.6</b>	<b>48.0</b>	<b>(37.6)</b>
Housing approved Capital programme	8.5	8.6	0.1
Housing provisional Capital Programme	0.4	0.3	(0.1)
<b>TOTAL General Fund and Housing Capital Expenditure</b>	<b>94.5</b>	<b>56.9</b>	<b>37.6</b>

The main areas of capital expenditure (ie, above £500,000) during the year were:

- £10.4 million investment in Weyside Urban Village redevelopment (formerly known as Slyfield Area Regeneration Programme)
- £8.3 million investment in the Slyfield Internal Estate road
- £7.0 million investment in acquisition of Strategic Property
- £5.9 million investment in rebuilding the Crematorium
- £5.9 million investment in North Downs Housing (£2.3million in equity shares and £3.5million in loans)
- £2.5 million investment in new build affordable housing at sites such as Appletree pub, Guildford Park and Old Fire Station on Ladymead
- £5 million investment in improvements and renovations to HRA property
- £1.2 million on acquisition of new HRA property
- £1.6 million investment in the redevelopment of Midleton Industrial Estate
- £1.1 million investment in the development of a new road bridge over the railway at Ash
- £942,000 investment in cycling and pedestrian route improvements (known as the 'Sustainable Movement corridor')
- £655,000 investment in ICT as part of the Future Guildford transformation programme
- £526,000 refurbishment of multi-storey car parks

The capital expenditure was financed by utilising the following resources:



We only financed £38.6 million of our capital expenditure from existing resources, resulting in an increase to our Capital Financing Requirement, funded by internal borrowing, of £18.3 million.

Internal sources of funds available at 31 March 2020 to meet future capital expenditure are:

- General Fund capital schemes reserve £0.6 million
- HRA usable capital receipts £13.8 million
- HRA future capital programme reserve £35.8 million
- HRA new build reserve £56.1 million
- HRA Major Repairs Reserve £9.8 million

**Financial Performance during the year - Treasury Management**

Our Capital and Investment Outturn report will be presented to Executive on 22 September 2020, (insert hyperlink) and is available on our website. The principle value of Investments at 31 March 2020 totalled £107 million made up as follows:



**GUILDFORD BOROUGH COUNCIL STATEMENT OF ACCOUNTS 2019-20**

<b>Investment details</b>	<b>Book cost of Investments at 31-03-20 £m</b>
<b>Internally Managed Investments</b>	
Fixed Investments < 1 year to cover cash flow	20
Notice Accounts	8
Revolving Credit Facility	5
Call Accounts	0.53
Money Market Funds	14.5
Bonds	19.1
Long term investments > 1 year	27.5
<b>Externally Managed Funds</b>	
Funding circle	0.53
CCLA	6.51
M&G	1.13
Schroders	0.57
Royal London	2.23
UBS	2.02
<b>TOTAL</b>	<b>107.6</b>

The book cost of investments is the amount of cash receivable if the investments were to be sold on 31 March 2020. The book cost is different to the amounts shown in note 29 of the financial statements where the investments are shown in accordance with IFRS 9 Financial Instruments. Gross interest received in the year from investments was £2.18 million against a budget of £1.74 million.

During the year we increased the value of temporary borrowing by £23 million taken out for cash-flow purposes. The principal balance outstanding on our external loans at 31 March 2020 was £44 million.

The investment markets remained extremely challenging with the Bank of England decreasing the base rate due to the pandemic and the Council continued its focus on preserving capital whilst optimising interest earnings.

**Explanation of Key Information contained in the Financial Statements**

Local Authorities are required to prepare their accounts in accordance with the *Code of Practice on Local Authority Accounting in the United Kingdom* (the Code). International Financial Reporting Standards (IFRS) form the basis for the Code, which has been developed by the Local Authority Accounting Code Board comprising members from the Chartered Institute of Public Finance and Accountancy (CIPFA) and Local Authority of Scotland Accounts Advisory Committee (LASAAC), under the oversight of the Financial Reporting Advisory Board (FRAB). The Code constitutes a proper accounting practice under the terms of section 21(2) of the Local Government Act 2003.

The complete set of financial statements is set out on the following pages. The Code prescribes the order of presentation of the financial statements and the Statement of Accounting Policies supports the accounts by explaining the policies used in their preparation. In summary, the financial statements comprise the:

- **Expenditure and Funding Analysis (EFA)**: showing how the Council’s annual expenditure is used and funded from resources (government grants, rents, council tax and business rates) in comparison with those resources the Council consumes or earns in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the Council’s Directorates.
- **Comprehensive Income and Expenditure Statement (CIES)**: showing the accounting cost in the year of providing services in accordance with generally accepted accounting practices. This Statement provides the detail behind the surplus or deficit on provision of services figure

## GUILDFORD BOROUGH COUNCIL STATEMENT OF ACCOUNTS 2019-20

included in the Movement in Reserves Statement. The Statement shows the total expenditure and income in the year for all services.

- **Movement in Reserves Statement (MIRS)**: showing the movement in the year on the different reserves held by the Council, analysed into usable reserves (i.e. those that we can use to finance expenditure or reduce local taxation) and other reserves. This Statement shows how the movements in year of the Council's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return the amounts chargeable to council tax or rents for the year.
- **Balance Sheet**: showing the value of the Council's assets and liabilities at 31 March 2020. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council
- **Cash Flow Statement**: showing the changes in the amount of cash and cash equivalents during the financial year. The Statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities
- **Notes to the above Statements**: giving a summary of significant accounting policies and other explanatory information. We have split these notes into normal and accounting technical notes to aid the readability of the financial statements for users.
- **Housing Revenue Account (HRA) Income and Expenditure Statement**: covering income and expenditure relating to the provision of council housing in accordance with Part 6 of the Local Government and Housing Act 1989. The HRA is ring-fenced from the rest of the General Fund. Its primary purpose is to ensure that the expenditure on managing tenancies and maintaining dwellings is balanced by rents charged to tenants so that rents cannot be subsidised from council tax, or vice versa
- **Notes to the HRA**: giving explanatory information to the HRA Income and Expenditure statement
- **Collection Fund Revenue Account**: showing the transactions of the Council as a billing authority in relation to non-domestic rates and council tax. The Fund shows the way in which these have been distributed to local authorities and the Government on whose behalf Guildford Borough Council collects the amounts due
- **Notes to the Collection Fund**: giving explanatory information to the Collection Fund Revenue Account

### **Expenditure and Funding Analysis (EFA)**

The net expenditure chargeable to the General Fund and HRA balances was a surplus of £8 million. £31.5 million adjustments between funding and accounting bases resulted in a deficit reported in the CIES of £23.5 million.

### **Income and Expenditure Statement (CIES)**

The deficit on provision of services was £23.5 million. This was the net total of a surplus on the HRA of £3.8 million, and a deficit on the General Fund of £27.3 million.

Total comprehensive income and expenditure was £2.8 million expenditure, compared to £7.1 million income in 2018-19. The reduction was primarily due to smaller gains from the increase in value of the Council's property portfolio, partly offset by a gain from the re-measurement of the pension liability.

### **Movement in Reserves Statement (MIRS)**

The MIRS shows that a surplus of £3.8 million is added to the HRA and a deficit of £27.3 million taken from the General Fund. £27.4 million is added to the General Fund and £4 million added from the HRA as a result of adjustments made under statutory regulations.

£44 million of the GF balance of £48 million as at 31 March 2020 is held in reserves earmarked for specific purposes. The remaining £3.7 million is held as unallocated funds. In the case of the HRA, £91.8 million of the balance of £94.3 million is held in earmarked reserves, leaving an unallocated balance of £2.5 million.

**GUILDFORD BOROUGH COUNCIL STATEMENT OF ACCOUNTS 2019-20****Balance Sheet**

The Balance Sheet shows that our long-term assets have increased in value during the year by 0.75% from £983 million to £990 million. This is due to a £2.1 million increase in value of the Council's property portfolio on revaluation during the year, £14.5 million net additions to the Council's property portfolio, £9.9 million additions to assets under construction.

Current assets have increased by 12.51% from £78.6 million to £88.4 million, mainly due to a decrease in short-term investments (including those classified as cash equivalents) from £55.7 million to £74.8 million, offset by a reduction in short term debtors from £20.3 million to £13.1 million and £1.7 million of property assets sold from assets held for sale. After our liabilities are taken into account, our net assets have decreased by 0.4% from £694.6 million to £691.8 million.

This is matched by a decrease in our unusable reserves of £4.7 million, and an increase in our usable earmarked reserves of £1.9 million.

*Pension liability*

As part of the terms and conditions of employment of its officers, the Council makes contributions towards the cost of post-employment benefits. The Council participates in the Local Government Pension Scheme administered by Surrey County Council – this is a funded scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets.

Hymans Robertson LLP, completed a triennial review of the fund at 31 March 2016 which set the employer contribution rates for 2017-18 to 2019-20. The results of the actuarial valuation as at 31 March 2016, were reported to the Corporate Governance and Standards Committee in March 2017 and the report is available as part of the committee papers on the Council's website (<http://www2.guildford.gov.uk/councilmeetings/ieListDocuments.aspx?CId=145&MId=511&Ver=4>).

On 31 March 2019 the Actuary conducted the latest Triennial valuation of the fund and set the employer contribution rates for 2020-21 to 2022-23. The triennial valuation of the pension scheme showed that the overall deficit on the pension fund has reduced from £679 million at 31 March 2016 to £196 million at 31 March 2019 increasing the funding level of the scheme from 83% to 96% over the period. Guildford's share of the deficit was £37 million at 31 March 2016 but has reduced to £19 million at 31 March 2019 and the funding level has increased from 80% to 91% for Guildford. The main reason for the increase is due to increased investment returns on the pension scheme assets. Employer contributions are split between:

- the primary rate, which is expressed as a percentage of pay. The valuation report proposes that this rises from 15.1% to 17.2% due to a weaker outlook for investment returns in the future and the additional pressure placed on scheme liabilities and funding plans to allow for the 'McCloud' ruling, and,
- a secondary rate which is an annual cash contribution to the scheme, the secondary rate has remained stable at around £2.2 million per annum, due to the increase in investment assets of the scheme.

The Council accounts for pension costs, in its financial statements, based on International Accounting Standard (IAS) 19; Employee Benefits. This standard requires that the cost of retirement benefits are reported when they are earned by employees rather than when the benefits are paid as pension.

Legislation prevents this cost affecting council tax and housing rent levels, which are based on the cash payable in the year. The accounts include an adjustment for the difference in the form of a transfer to or from a statutory pensions reserve.

The accounts, based on IAS 19, show a total pension fund liability of £113.5 million (£115.9 million in 2018-19) which has a substantial impact on the net worth of the authority as recorded in the balance sheet. The position, as valued by IAS 19 differs to that reported as part of the triennial valuation principally because the

**GUILDFORD BOROUGH COUNCIL STATEMENT OF ACCOUNTS 2019-20**

accounting standard requires that the discount rate is set with reference to the yields on high quality corporate bonds irrespective of the actual investment strategy of the Fund. As such the IAS 19 valuation of the Fund is unlikely to reflect the eventual cost of providing the benefits and does not affect the level of contributions to the fund from either the employees or the Council. Statutory arrangements for funding the deficit mean that the financial position of the Council remains healthy; the deficit will be made good by contributions over the remaining working life of employees as assessed by the scheme actuary. It is important to remember that pensions are long-term assets and liabilities and the IAS 19 figures disclose the position at a point in time based on the actuaries' financial assumptions.

*Reserves, Balances and Provisions*

We are not required to include a full list of reserves and balances in the Statement of Accounts, however we included one the Final Accounts report to the Executive on 22 September (insert hyperlink). Transfers to and from the reserves have been made during the year as appropriate and can be seen at Note 13 to the accounts.

We increased the provision in respect of the Council's share of the estimated reduction in business rates collectable due to rating appeals by £1.5 million, and £1.1 million of appeals were charged to the provision in year (see below).

We maintain a bad debt provision at a suitable level including sufficient provision to meet all likely non-collectable local taxation.

**Assessment of Going Concern and Key Ratio's**

The financial statements show the following measures of the Council's financial position:

Indicator	Definition	2018-19	2019-20
Liquidity Ratio	Current Assets / Current Liabilities	1.35	1.09
Gearing %	Total borrowing / Long Term Assets	22%	24%
Net Debt Expenses as a % Gross Income	Net interest payable + Statutory provision for the repayment of debt / (Gross Service Income + Taxation and Non-specific Grant Income + Investment Property Income)	3%	5%
Borrowing as a % Gross Income	Long Term Borrowing / (Gross Service Income + Taxation and Non-specific Grant Income + Investment Property Income)	157%	128%
General Fund Reserves as % Net Expenditure chargeable to the General Fund	level of GF & GF earmarked reserves / net expenditure chargeable to the general fund	256%	111%
HRA Reserves as % Net Expenditure chargeable to the HRA	level of HRA & HRA earmarked reserves / net income chargeable to the HRA	418%	594%

**GUILDFORD BOROUGH COUNCIL STATEMENT OF ACCOUNTS 2019-20**

Council Tax Income as % Gross Income	Council Tax income / (Gross Service Income + Taxation and Non-specific Grant Income + Investment Property Income)	9%	8%
Net Retained Business Rates as % Gross Income	Net Business Rate Income / (Gross Service Income + Taxation and Non-specific Grant Income + Investment Property Income)	6%	2%
Net Investment Property Income as % Gross Income	Net Investment Property Income / (Gross Service Income + Taxation and Non-specific Grant Income + Investment Property Income)	6%	6%

The above table shows that the Council has a reasonable level of liquidity and sufficient reserves to meet future expenditure requirements. Its overall gearing level is good, its income is diversified meaning that the Council is not overly reliant on one form of income and the level of debt expense is affordable.

The Chartered Institute of Public Finance and Accountancy (CIPFA) has produced a financial resilience index in response to concerns within the local government sector and central government about the financial resilience of some local authorities following the significant funding reductions incurred by the sector since 2013-14.

The financial resilience index shows how the Council compares to other similar authorities across a basket of financial indicators based on its 2018-19 accounts and a trend analysis of changes since 2017-18. The analysis can be found on the CIPFA Website (<https://www.cipfa.org/services/financial-resilience-index/financial-resilience-index>). Guildford compares well on the analysis to other authorities with the majority of indicators showing that the Council is at low risk of financial stress. As explained above, key determinants of the Council’s position are its comparatively high level of reserves, a low reliance on government grant, and a high reliance on council tax, net retained business rates and other locally raised revenue to finance expenditure on delivery of services.

The legislative framework around local government in the UK means that the Council’s existence (or not) is determined by national legislation setting out how and what level of government services are provided at a local level. It will require a change in legislation for the Council to be abolished or to cease trading, at present, there is no such legislation in place proposing such a change. However, even if a statutory change in local government were forthcoming, any assets and liabilities of the Council and its service provision would transfer to a new body.

Therefore, I feel that the Council is in a strong financial position and a going concern.

**Collection Fund**

We maintained a high level of collection performance for both Council Tax and Business Rates in the year. The council tax collectable debit for 2019-20 was approximately £110 million and 98.6% had been collected by 31 March 2020. At the same time, 97.8% of the collectable debit for non-domestic rates (£90 million) had been collected.

*Business Rates Retention Scheme*

The Business Rates Retention Scheme (BRRS) allows the Council to benefit financially from any above inflation growth achieved in the level of business rates in our area, but the Government also transferred the risk of a fall in business rates to us and the rate in the pound levied is still controlled by the Government.

The BRRS starts with the Government’s assumption of the level of Business Rates nationally and sets an

**GUILDFORD BOROUGH COUNCIL STATEMENT OF ACCOUNTS 2019-20**

amount known as the NDR Baseline. For Guildford the NDR Baseline was set at £34.2 million. The Government assessed our baseline funding level at £2.9 million, the difference (£31.3 million) was paid to the Government as a tariff. If Guildford's actual business rate income is higher than the NDR Baseline then the Council is required to pay a levy of 50% of the additional income to central Government.

When we set our 2019-20 budget, we projected the business rate income we would receive (£87.3 million of which the Council's 40% share is £34.9 million) and provided this estimate to the government in our NNDR 1 return. At the end of the year, we update the data based on actual income (£88.04 million of which the Council's share is £35.22 million) and inform the government in our NNDR 3 return.

The amount we recognise in the Income and Expenditure Statement for business rate income for 2019-20 is the amount we projected on the NNDR1 return, i.e., our budgeted amount; however, the amount we actually received (and reported on our NNDR3 return) is recognised in the Collection Fund. The government has legislated that local authorities reverse the impact on the general fund of any difference in business rate income through the surplus/deficit on the Collection Fund and an adjustment to the Collection Fund Adjustment Account on the Movement in Reserves Statement. The difference between what we estimated and received therefore forms part of the surplus or deficit on the Collection Fund and will be taken into account in setting the budget for 2020-21.

The provision is an allowance for reductions in business rates payable because of appeals made by the rate payer to the Valuation Office (VO) in 2019-20. Due to changes under the check challenge and appeal system, the number of appeals against the revaluation in 2017 have not been as we initially expected and so we have reduced our provision accordingly.

The Council has calculated a total provision of £7.329 million for appeals is required as at 31 March 2020, of which the Council's share is £2.932 million (40%). The reduction in the appeals provision in our Collection Fund has resulted in reduction in the deficit on the Collection Fund in relation to Business Rates from £3.7 million in 2018-19 to £xx million in 2019-20, of which the Council's share is £xx million.

The table below shows the difference between the actual and estimated income from business rates and the resulting impact on the levy payment:

<b><u>Business Rates Retention Summary 2019/20</u></b>	<b>2019/20 Budget</b>	<b>2019/20 Actual</b>	<b>2019/20 Variance</b>
	<b>£0</b>	<b>£0</b>	<b>£0</b>
BRRS – tariff	31,333	31,333	0
Business Rates levy payment to MHCLG	1,274	1,383	109
BRRS - equalisation reserve transfer	(2,570)	(2,103)	467
	<b>30,037</b>	<b>30,613</b>	<b>576</b>
BRates Collection fund deficit	1,493	1,493	0
BRRS - s31 grant	(1,825)	(2,401)	(576)
BRRS - retained income	(34,941)	(34,941)	0
<b>BRRS - net position</b>	<b>(5,236)</b>	<b>(5,236)</b>	<b>(0)</b>

The Council's current policy is to transfer any gain or loss on business rates to the business rates equalisation reserve to help smooth the volatility in income from business rates under the BRRS and to help us manage the fluctuations in our business rate income that will occur as we carry out our development plans for the town centre.

**Housing Revenue Account (HRA)**

The Statement of Accounts contains details of the HRA income and expenditure, which is ring-fenced from the General Fund. The HRA outturn report will be presented to the Executive on 22 September 2020 and the report is available on the Council's web site, [www.guildford.gov.uk](http://www.guildford.gov.uk) at ([insert](#) hyperlink).

**GUILDFORD BOROUGH COUNCIL STATEMENT OF ACCOUNTS 2019-20**

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

<b>Housing Revenue Account</b>	<b>2019/20 budget £000</b>	<b>2019/20 actual £000</b>	<b>Variance £000</b>
Rental income	(30,880)	(30,760)	(120)
Other income	(1,565)	(1,615)	50
<b>Total income</b>	<b>(32,445)</b>	<b>(32,375)</b>	<b>(70)</b>
Expenditure on housing services	10,314	11,919	1,605
Depreciation	5,529	5,641	112
Revaluation	0	1,648	1,648
Other expenditure	1,050	664	(386)
Interest payable and receivable	4,543	4,803	260
<b>Surplus for the year</b>	<b>(11,008)</b>	<b>(7,700)</b>	<b>3,308</b>
HRA balance brought forward	(2,500)	(2,500)	0
Surplus for the year	(11,008)	(7,700)	3,308
Transfers to other reserves	11,008	7,700	(3,308)
<b>HRA balance carried forward</b>	<b>(2,500)</b>	<b>(2,500)</b>	<b>0</b>

At year end we transferred £2.5 million to the reserve for future capital programmes and £7.7 million to the new build reserve. The surplus on revaluation was transferred to the capital adjustment account in line with the CIPFA code of practice. The HRA working balance at year-end remains at £2.5 million.

Rental income from dwellings was £120,000 (0.39%) below the estimate. The service has seen void levels increase during 2019-20 resulting in a reduction of total collectable rent.

Employee related expenditure was £413,000 lower than estimated. Expenditure on repairs & maintenance exceeded the budget by £839,000. The budget provides for both planned and responsive repairs, so an element of demand driven cost is inherent in the expenditure. The service has seen void levels increase in 2019-20. Void units typically incur additional repair and improvement expenditure in order to prepare them for re-letting.

Although a number of welfare reform changes have now taken effect, the delay in the roll out of universal credit has deferred any potential impact on arrears levels. As a result, a contribution of £233,000 has been made to the impairment allowance in 2019-20.

HRA Investment income is £225,000 lower than the estimate due to us needing to repay the Government for unspent right to buy capital receipts due to delays in the housing building programme.

The Council has clearly stated its ambition to increase the number of affordable homes in the borough and work is underway to bring forward a number of development opportunities. A combination of useable one-for-one receipts and capital receipts have been used to finance capital expenditure on the new build programme.

### **Other Performance during the year**

Performance management is a key part of delivering successful services and performance indicators help the Council define and measure progress towards our strategic priorities. Individual service and project managers collect and monitor key performance information. In addition, 17 key corporate performance indicators are collected by the authority each year and benchmarked across the Surrey District Council's. The benchmarking reports are presented to the Surrey Chief Executives group each year. Guildford's performance against the 17 key performance indicators is as follows:

**GUILDFORD BOROUGH COUNCIL STATEMENT OF ACCOUNTS 2019-20**

Indicator	2018-19	2019-20
1. Council Tax Collected	98.88%	98.60%
2. NNDR Collected	99.40%	97.80%
3. Invoices paid on time	92.55%	88.37%
4. Processing of 'major' planning applications within 13 weeks	97.50%	97.20%
5. Processing of 'minor' planning applications within 8 weeks	94.52%	91.70%
6. Appeals dismissed against the Council's refusal of planning permission	54.46%	76.30%
7. Number of Households living in temporary accommodation	43	44
8. Housing Advice – homelessness prevented (cases resolved)	635	800
9. Days taken to process Housing Benefit / Council Tax support claims	31.94 for new claims 7.74 for changes	8 days
10. Number of affordable homes completed	68	36
11. Food businesses with 'scores on the door' of 3 or over	97.30%	97.20%
12. % Household waste recycled and composted	59.60%	59.7%
13. Kilograms of residual household waste collected per household ( <i>New Indicator</i> )	n/a	354
14. Staff sickness absence Office Manual All Absence Short Term <i>This indicator has been changed during 2019-20</i>	6.2 days 14.1 days n/a n/a	n/a n/a 7.7 days 4.4 days
15. Staff turnover	10.70%	14.8%

The Council is in the process of updating its corporate plan and monitoring of corporate plan priorities following the Local Government Elections in May 2019. Once the new Corporate plan is developed we will be able to provide an update in the accounts regarding performance against the plan.

Over recent years, the Council has undertaken a programme of service challenges and senior management restructures. This has reduced our staffing levels as shown in the table below.

**Full time equivalent (FTE) number of staff**

	2012	2013	2014	2015	2016	2017	2018	2019
Office based staff	502.7	480.4	530.7	490.2	487.8	471.4	471.4	452.6
Manual staff	232.2	240.0	182.6	214.8	220.2	228.2	223.1	217.3
<b>Total</b>	<b>735.0</b>	<b>720.4</b>	<b>713.4</b>	<b>705.0</b>	<b>708.0</b>	<b>699.6</b>	<b>694.8</b>	<b>670.0</b>

**Issues affecting the Council's Future**

My Chief Finance Officer's report on the 2020-21 Budget, presented to Council in February 2020, is on our website ([CFO report](#)).

This report contains an overview of local government funding, the economic outlook, the Council's corporate plan and their impact on the Council's finances. The report concluded that the Council had a



**GUILDFORD BOROUGH COUNCIL STATEMENT OF ACCOUNTS 2019-20**

potential funding gap of £3.3 million over the medium-term period to 2023-24. However, since the report was approved there has been a significant change in events arising from the global pandemic Covid-19 and its impact on the UK.

Councils, like Guildford Borough Council, are category one responders under the Civil Contingencies Act 2004, which sets out the legislative framework for responding to emergencies such as the Covid-19 outbreak. As part of the local resilience forum (LRF), councils work with local partner organisations to plan and activate their emergency responses. LRFs are based on police areas and so Guildford, along with all the other District and Borough Councils, Surrey County Council, Surrey Police, Surrey Fire and Rescue Service and local NHS bodies are all category 1 members of the Surrey Local Resilience Forum (SLRF). This means that the Council has had a vitally important role in responding locally to Covid-19, to save lives, protect the NHS, and ensure our residents are protected wherever possible. We also have a duty to ensure that crucial council services continue to operate in these unprecedented times. The Council's response to the pandemic has been intense and wide ranging across a number of critical services.

Guildford Borough Council activated both its Borough Emergency Plan (as part of the declaration of a Major Incident in Surrey) and its business continuity plan to ensure we can continue to deliver critical front-line services. Our critical front-line services are:

- Housing & Homelessness Services,
- Waste, Refuse & Recycling,
- Street Cleaning,
- On-street parking management for Highways
- CCTV
- Bereavement Services,
- Emergency Licensing, Food Safety and Pest Control,
- Business Rates, Council Tax and Benefits,
- Emergency planning and response,
- Customers services and communications.

In addition, support services such as HR, Finance and ICT were also required to enable the provision of critical front-line services.

Where possible, other Council services not in the list above e.g., Planning, continued to operate where officers were able to work remotely at home. However, many services operated at reduced levels due to activity levels being lower than normal and the need to redeploy staff to support the emergency response. Some Council services, such as Heritage and Museum services, Spectrum Leisure Centre, Day and Community Centres were forced to close through government legislation. Due to a lack of demand and government guidance, the Council also removed parking charges for a period of 3 months.

In supporting the Emergency response through the LRF, the Council introduced a number of new and enhanced services to support the most vulnerable individuals and communities and to respond to the pandemic emergency. This included:

- Establishing a Surrey wide Community Hub at Spectrum leisure centre on behalf of Surrey County Council to coordinate measures to support vulnerable people in Surrey and 'shield' them from Covid-19,
- Establishing 'Locality Hubs' at Park Barn and Shawfield Day Centres to support our day centre, meals on wheels, sheltered and supported housing clients, and other people self-referred to us as needing help, with food parcels, meals on wheels and welfare calls
- Procuring and placing homeless households and rough sleepers in hotel accommodation and providing meals and food parcels to them
- Procuring and placing people discharged from hospital in suitable accommodation and ensuring they have support and food

## GUILDFORD BOROUGH COUNCIL STATEMENT OF ACCOUNTS 2019-20

- Procuring and placing people discharged from the probation service and prison in suitable accommodation and ensuring they have support and food
- Expanded and scaled up operations at the Crematorium to deal with Excess Deaths
- Providing significant business rate relief and grants to local businesses in line with the government schemes
- Providing hardship funding for Council tax and administering an increase in claimants for the local council tax support scheme
- Providing general advice to the public and specific advice to individuals suffering hardship as a result of Covid-19

From a Business Continuity perspective, the Council, like many other organisations, has had to rapidly enable officers and Councillors to work from home on a large scale. A significant proportion of the Council's officers are classed as Key Workers and continued to attend their normal places of work and carry out their roles if it was not possible to carry out their jobs from home. However, in order to ensure the safety and health of our staff, we have taken as many precautionary steps as possible to reduce the risk to their health of carrying out their roles. This included closing our offices and enabling officers to work from home en-masse where possible. We have also taken steps to ensure that where staff have to attend a place of work or are providing frontline services to the public, that we are able to implement, as far as possible, social distancing and provide appropriate personal protective equipment where risk assessments have identified a need to do so.

The Council has not seen a significant increase in sickness levels as a result of the Covid-19 crisis, this may in part be due to the ability for staff to work from home and so were able to self-isolate effectively.

The Covid-19 crisis has had a significant impact on the financial position of the Council. On 5 May 2020, I reported an emergency budget to Council to inform Councillors of the forecasted potential impact on the Council from the increased costs of service provision and significant reduction in income as a result of a number of services being closed. The main areas of extra costs have been in relation to operator support for the Leisure centre, homelessness and food parcels. The main impact on the Council's income has been a significant reduction in fees and charges income from services, mainly car parking. The Council's investment property income has not seen a significant fall income at this stage. The report is available on our website ([Emergency Budget](#)). Estimates for the financial impact on the Council's general fund were between £5 million and £15 million, with a 'best estimate' of the impact at £8.7 million. The period 2 financial monitoring reported to Corporate Governance and Standards Committee in July updated the position and forecasted an overspend of £9.1 million. The emergency budget report approved for a supplementary estimate of up to £15 million to be taken from reserves but this would only be drawn down if there was a gap in government funding of the costs and lost income and Officers could not identify cost savings in year to address the shortfall. The report recognised that the scale of the financial impact was such that there was a high risk of being unable to identify sufficient cost savings to mitigate the impact in one year and that some use of reserves would be necessary. The Council's level of reserves is currently sufficient to accommodate the potential impact of Covid-19 however, there will be a need to rebuild reserves over the course of the medium term financial plan to the minimum level identified in our financial risk register (currently £10 million). As a result, there is no immediate risk to the financial sustainability of the Council.

In order to identify savings, the Council has reviewed its capital programme will seek to delay or stop a number of schemes to reduce the planned debt and interest costs on the general fund revenue account over the medium-term period.

Officers are currently in the process of producing recovery plans for services which will look at future options for delivery of each service and identify potential on-going spending reductions. At present it is too early to report the potential on-going impact of Covid-19 on the Council's services in the medium to longer term.

In addition to the immediate impact on the general fund, initial indications are that collection rates for

**GUILDFORD BOROUGH COUNCIL STATEMENT OF ACCOUNTS 2019-20**

Council Tax and Business Rates are likely to be significantly lower for 2020-21 than the rates reported above for 2019-20. This will be due to financial hardship of businesses and households in the borough. We anticipate a significant growth in claims for Local Council Tax Support and more businesses entering into liquidation over the next 12 to 18 months. In addition, in order to administer the significant grants and hardship funds that were provided by the government, the Council suspended normal debt recovery activity for accounts which have fallen into arrears for the first 3 months of the year and has entered into revised payment plans on a case by case basis to help those in hardship.

**Financial Risks**

The Council faces many financial risks, which are identified in the financial risk register published as part of the 2020-21 Budget on 5 February 2020 (see [Risk Register](#)). The Financial Risk Register quantifies the risks and demonstrates that the general reserves and those held for risk management purposes are adequate to cover the risks. Whilst the risk register did include anticipation of a Major Event or Civil Incident, it did not quite anticipate the impact of Covid-19.

The major risks are:

1. Financial and economic impact of the Covid-19 Pandemic
2. Financial and economic impact of Brexit
3. Other national economic volatility and the impact on the Council's income streams.
4. Delivery of savings and income.
5. Affordability of Regeneration schemes.
6. Affordability of the Council's Capital Programme.
7. Business rates retention scheme volatility.
8. Fair Funding Review of Local Government Finance.
9. Financial sustainability of Surrey County Council.

**Auditors remuneration**

Details relating to the remuneration of Auditors of the Council are shown in note 10 to the Statement of Accounts.

**Conclusion**

The Council has been able to maintain a high level of performance in the delivery of its services during 2019-20, and at the same time maintain its reserves and provisions to a level adequate to meet all known liabilities and invest in transformational change.

There are significant challenges for us in the future, particularly as a result of the Covid-19 Pandemic and Brexit. At the same time the Council has exciting but challenging plans for the regeneration of the town and borough.

The Council is well placed to meet these challenges and has a transformation programme in place to deliver savings for future years.



Claire Williams Morris, BEng (Hons), FCPFA, Cert IPSFR  
 Director of Resources (s151 / Chief Financial Officer)  
 31 08 2020

## **General Accounting Policies**

This section sets out general accounting policies used to prepare the statement of accounts of Guildford Borough Council and its group. Accounting policies that are used to report on specific balances or transactions are set out in the accounting notes for the relevant balance or transaction.

### **1. General Principles**

The Statement of Accounts summarises the Council's transactions for the 2019-20 financial year and its position at the year-end of 31 March 2020. The Accounts and Audit (England) Regulations 2015 require the Council to prepare its annual Statement of Accounts in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2019-20, supported by International Financial Reporting Standards (IFRS).

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

### **2. Group Accounts**

Guildford Borough Council is the ultimate parent of two wholly owned subsidiaries, Guildford Borough Council Holdings Company Limited and North Downs Housing Limited. Both companies have a year end of 31 March. For 2019-20 and for the first time since both companies started trading, elements of their financial statements are material to the statement of accounts of the Council. As a result, group accounts have been prepared.

### **3. Accruals of Income and Expenditure (debtors and creditors)**

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- revenue from contracts with service recipients, whether for services or for the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.
- supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet
- expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made
- interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure based on the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract
- where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

The de-minimis for these are £1,000

### **4. Accounting practice for Council Tax and Business Rates**

Guildford Borough Council is a billing authority for council tax and business rates. This means that we:

- act as an agent, collecting council tax and business rates on behalf of the major preceptors (Surrey County Council, Surrey Police and Crime Commissioner and, for business rates only, central government) and
- as a principal, collecting council tax and business rates for the Council itself.

**GUILDFORD BOROUGH COUNCIL STATEMENT OF ACCOUNTS 2019/20**

The Council is required by statute to maintain a separate fund (the Collection Fund) for the collection and distribution of amounts due in respect of council tax and business rates. Under the legislative framework for the Collection Fund, billing authorities, major preceptors and central government share proportionately the risks and rewards that the amount of council tax and business rates collected could be less or more than predicted.

The council tax and business rate income included in the Comprehensive Income and Expenditure Statement (CIES) is the authority's share of accrued income for the year. However, regulations determine the amount of council tax and business rates that must be included in the authority's General Fund. Therefore, the difference between the income included in the CIES and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account and included as a reconciling item in the Movement in Reserves Statement (MIRS).

The Balance Sheet includes the authority's share of the end of year balances in respect of council tax and business rates relating to arrears, impairment allowances for doubtful debts, overpayments and prepayments and appeals. Where these balances are impaired (because of a likelihood arising from a past event that payments due under the statutory arrangements will not be made) the asset is written down and a charge made to the Taxation and Non-Specific Grant Income line in the CIES. The impairment loss is measured as the difference between the carrying amount and the revised future cash flows.

The Council recognises a creditor in its Balance Sheet for cash collected from taxpayers and businesses on behalf of major preceptors but not yet paid to them, or a debtor for cash paid to major preceptors in advance of receiving the cash from council tax payers and business rate payers.

**5. Material Items**

When items of income and expense are material, their nature and amount is disclosed separately, either on the face of the CIES or in the notes to the accounts, depending on how significant the items are to an understanding of the Council's financial performance.

**6. Charges to Revenue for Non-Current Assets**

Services, support services and trading accounts are charged with the following amounts to record the cost of holding non-current assets during the year:

- depreciation attributable to the assets used by the relevant service
- revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off
- amortisation of intangible assets attributable to the service.

The Council is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisation. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to an amount calculated by the Council on a prudent basis and determined in accordance with statutory guidance. Depreciation, revaluation and impairment losses and amortisation are therefore replaced by the contribution in the GF Balance, called a Minimum Revenue Provision (MRP), by way of an adjusting transaction with the Capital Adjustment Account in the MIRS for the difference between the two.

**7. Events after the Reporting Period**

Events after the Reporting Period are those events, both favourable and unfavourable, that occur between the end of the reporting period (31 March 2020) and the date when the Statement of Accounts was authorised for issue by the Chief Financial Officer on 31 August 2020. Two types of events can be identified:

- those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events

## GUILDFORD BOROUGH COUNCIL STATEMENT OF ACCOUNTS 2019-20

- those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the events and their estimated financial effect.

Events taking place after 31 August 2020 are not reflected in the Statement of Accounts.

### 8. Overheads and Support Services

The costs of overheads and support services are charged to service segments in accordance with the Council's arrangements for accountability and financial performance.

### 9. VAT

Income and expenditure exclude any amounts related to VAT, as all VAT collected is payable to HM Revenue & Customs and all VAT paid is recoverable from it.

### 10. Fair Value Measurement

The Council measures some of its non-financial assets (such as surplus assets and investment properties) and some of its financial assets (such as funds held in money markets) at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The Council measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

When measuring the value of a non-financial asset, the Council takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Council uses valuation techniques that are appropriate to the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the Council's financial statements are categorised within the fair value hierarchy, as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the Council can access at the measurement date
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3 – unobservable inputs for the asset or liability.

## GUILDFORD BOROUGH COUNCIL STATEMENT OF ACCOUNTS 2019-20

### Comprehensive Income and Expenditure Statement (CIES)

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation or rents. Authorities raise taxation and rents to cover expenditure in accordance with statutory requirements; this may be different from the accounting cost. The taxation position is shown in both the Expenditure and Funding Analysis (EFA) and the Movement in Reserves Statement (MIRS).

			2018-19		2019-20		
Gross Expenditure	Gross Income	Net Expenditure		Notes	Gross Expenditure	Gross Income	Net Expenditure
£000	£000	£000	Directorate		£000	£000	£000
10,777	(4,155)	6,622	Community Services		13,366	(4,362)	9,004
38,918	(30,302)	8,616	Finance		18,304	(623)	17,681
12,975	(2,549)	10,426	Planning & Regeneration		36,065	(23,508)	12,557
35,306	(22,064)	13,241	Environment		35,562	(29,340)	6,221
925	(34)	891	Managing Director		5,254	(1,674)	3,579
17,503	(32,082)	(14,579)	Housing Revenue Account		23,603	(32,250)	(8,647)
<b>116,404</b>	<b>(91,187)</b>	<b>25,216</b>	<b>Cost of Services</b>		<b>132,154</b>	<b>(91,758)</b>	<b>40,396</b>
		2,336	Other operating expenditure	4			6,202
		(14,165)	Financing and investment income and expenditure	5			2,815
		(23,392)	Taxation and non-specific grant income	6			(25,904)
		<b>(10,005)</b>	<b>(Surplus) / Deficit on Provision of Services</b>				<b>23,509</b>
		(13,800)	(Surplus) / Deficit on revaluation of Property, Plant and Equipment assets	24			(9,185)
		17,263	Remeasurements of the net defined benefit liability	24			(11,489)
		(349)	IFRS 9 (gain) / loss on investment statutory adjustment				0
		(291)	(Upward) / downward movement on revaluation of financial instruments classified as Fair Value through Profit and Loss (FVPL)	24			0
		<b>2,823</b>	<b>Other Comprehensive Income and Expenditure</b>				<b>(20,673)</b>
		<b>(7,182)</b>	<b>Total Comprehensive Income and Expenditure</b>				<b>2,835</b>

# GUILDFORD BOROUGH COUNCIL STATEMENT OF ACCOUNTS 2019-20

## Movement In Reserves (MIRS)

This statement shows the movement in the year on the different reserves held by the Council, analysed into 'usable reserves' (that is those that can be applied to fund expenditure or reduce local taxation) and other 'unusable reserves'. The Statement shows how the movements in year of the Council's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax or rents for the year. The net increase / (decrease) line shows the statutory General Fund (GF) Balance and Housing Revenue Account (HRA) Balance movements in the year following those adjustments.

	General Fund Balance £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Contributions Unapplied £000	Total Useable Reserves £000	Unusable Reserves £000	Total Reserves £000
<b>2019-20</b>								
<b>Balance at 31 March 2019</b>	<b>48,113</b>	<b>86,418</b>	<b>20,519</b>	<b>9,235</b>	<b>690</b>	<b>164,974</b>	<b>529,635</b>	<b>694,609</b>
<b>Movement in Reserves during 2019-20</b>								
Total Comprehensive Income and Expenditure	(27,380)	3,872	-	-	-	(23,509)	20,673	(2,835)
Adjustments between accounting basis & funding basis under regulations (Note 23)	27,458	4,055	(6,588)	618	(130)	25,414	(25,414)	-
<b>Increase/(decrease) in 2019-20</b>	<b>78</b>	<b>7,927</b>	<b>(6,588)</b>	<b>618</b>	<b>(130)</b>	<b>1,905</b>	<b>(4,740)</b>	<b>(2,835)</b>
<b>Balance at 31 March 2020 carried forward</b>	<b>48,191</b>	<b>94,345</b>	<b>13,931</b>	<b>9,853</b>	<b>559</b>	<b>166,880</b>	<b>524,894</b>	<b>691,774</b>
<b>Balance at 31 March 2018</b>	<b>45,490</b>	<b>78,247</b>	<b>24,141</b>	<b>7,991</b>	<b>282</b>	<b>156,151</b>	<b>531,277</b>	<b>687,427</b>
<b>Movement in Reserves during 2018-19</b>								
Total Comprehensive Income and Expenditure	120	9,884	-	-	-	10,005	(2,823)	7,182
Adjustments between accounting basis & funding basis under regulations (Note 23)	2,503	(1,714)	(3,622)	1,244	408	(1,181)	1,181	0
<b>Increase/(decrease) in 2018-19</b>	<b>2,623</b>	<b>8,171</b>	<b>(3,622)</b>	<b>1,244</b>	<b>408</b>	<b>8,824</b>	<b>(1,642)</b>	<b>7,182</b>
<b>Balance at 31 March 2019 carried forward</b>	<b>48,113</b>	<b>86,418</b>	<b>20,519</b>	<b>9,235</b>	<b>690</b>	<b>164,974</b>	<b>529,635</b>	<b>694,609</b>



**GUILDFORD BOROUGH COUNCIL STATEMENT OF ACCOUNTS 2019-20****Balance Sheet**

The Balance Sheet shows the value as at 31 March of the assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) match the reserves held by the Council. Reserves are reported in two categories:

- **usable reserves** - those the Council may use these to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt), and
- **unusable reserves** - those the Council are not able to use these to provide services. This category includes reserves that:
  - hold unrealised gains and losses (e.g. the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and
  - reserves that hold timing differences shown in the MIRS line 'Adjustments between accounting basis and funding basis under regulations'.

31 March 2019		Notes	31 March 2020
£000			£000
767,596	Property, Plant & Equipment	13	780,797
3,575	Heritage Assets	14	3,575
161,244	Investment Property	15	153,413
1,774	Intangible Assets	16	2,299
45,100	Long-term Investments	30	43,109
3,665	Long-term Debtors	30	7,182
<b>982,954</b>	<b>Long Term Assets</b>		<b>990,375</b>
42,508	Short-term Investments	30	59,785
2,116	Assets held for sale	17	431
475	Inventories		439
20,332	Short Term Debtors	18	13,521
13,184	Cash and Cash Equivalents	19	14,633
<b>78,615</b>	<b>Current Assets</b>		<b>88,809</b>
(20,337)	Short Term Borrowing	30	(44,492)
(35,118)	Short Term Creditors	20	(33,158)
(2,857)	Provisions	21	(3,758)
<b>(58,312)</b>	<b>Current Liabilities</b>		<b>(81,408)</b>
(192,665)	Long Term Borrowing	30	(192,435)
(115,983)	Other Long Term Liabilities	27	(113,567)
<b>(308,648)</b>	<b>Long Term Liabilities</b>		<b>(306,002)</b>
<b>694,609</b>	<b>Net Assets</b>		<b>691,774</b>
164,974	Usable Reserves	MIRS	166,880
529,634	Unusable Reserves	24	524,895
<b>694,609</b>	<b>Total Reserves</b>		<b>691,774</b>



Claire Williams Morris, BEng (Hons), FCPFA, Cert IPSFR  
 Chief Financial Officer  
 31 August 2020

## Cash Flow Statement

The Cash Flow Statement shows how the Council generates, uses and the changes in cash and cash equivalents of the Council during the reporting period.

Cash flows are classified as operating, investing and financing activities.

- the amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Council are funded by way of taxation and grant income or from the recipients of services provided by the Council.
- investing activities represent the extent to which cash outflows have been made for resources that are intended to contribute to the Council's future service delivery.
- cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (that is borrowing) to the Council.

The cash flow statement shows cash and cash equivalents net of bank overdrafts that are repayable on demand and form an integral part of the Councils cash management.

<b>2018-19</b>		<b>2019-20</b>
<b>£000</b>		<b>£000</b>
	<b>OPERATING ACTIVITIES</b>	
10,005	Net surplus on the provision of services	(23,509)
8,234	Adjustments for non-cash movements (Note 23)	62,613
(8,446)	Adjustments for items included in the net surplus that are investing and financing activities (Note 23)	(21,736)
<b>9,793</b>	<b>Net cash flows from Operating Activities</b>	<b>17,368</b>
	<b>INVESTING ACTIVITIES</b>	
(34,424)	Payments for additions to long term assets	(35,755)
(61,627)	Payments for purchase of investments	(79,255)
(1,279)	Other payments for investing activities	(3,566)
6,366	Proceeds from the disposal of long term assets	15,753
102,762	Proceeds from disposal of investments	60,127
1,441	Other receipts from investing activities	7,667
<b>13,239</b>	<b>Net cash flows from Investing Activities</b>	<b>(35,029)</b>
	<b>FINANCING ACTIVITIES</b>	
81,030	Cash receipts of short and long-term borrowing	72,000
0	Other receipts from financing activities	0
9,813	Other payments from financing activities	(4,652)
(109,740)	Repayments of short and long-term borrowing	(48,236)
<b>(18,897)</b>	<b>Net cash flows from financing activities</b>	<b>19,112</b>
<b>4,135</b>	<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>1,451</b>
9,050	Cash and cash equivalents at the beginning of the reporting period	13,184
<b>13,184</b>	<b>Cash and cash equivalents at the end of the reporting period (Note 19)</b>	<b>14,635</b>

**GUILDFORD BOROUGH COUNCIL STATEMENT OF ACCOUNTS 2019-20**

**Notes To The Accounts**

**1a). Expenditure And Funding Analysis (EFA)**

The EFA shows how the Council’s annual expenditure is used and funded from resources (government grants, rents, council tax and business rates) in comparison with those resources the Council consumes or earns in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision-making purposes between the Council’s Directorates.

- Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the CIES and the Housing Revenue Account (HRA).
- The split of the balance between the General Fund (GF) and the HRA is set out in the MIRS.

2018-19			2019-20			
Net Expenditure Chargeable to the GF and HRA Balances	Adjustments between Funding and Accounting Basis	Net Expenditure in the CIES		Net Expenditure Chargeable to the GF and HRA Balances	Adjustments between Funding and Accounting Basis	Net Expenditure in the CIES
£000	£000	£000		£000	£000	£000
3,975	2,647	6,622	Community Services	3,978	5,027	9,004
6,438	2,177	8,616	Finance	15,992	1,688	17,681
4,289	6,137	10,426	Planning & Regeneration	(7,817)	20,374	12,557
3,432	9,809	13,241	Environment	3,151	3,070	6,221
621	270	891	Management	3,857	(278)	3,579
(20,690)	6,111	(14,579)	Housing Revenue Account	(20,636)	11,989	(8,647)
<b>(1,935)</b>	<b>27,151</b>	<b>25,216</b>	<b>Cost of Services</b>	<b>(1,475)</b>	<b>41,871</b>	<b>40,396</b>
(8,859)	(26,362)	(35,221)	Other income and expenditure	(6,530)	(10,357)	(16,887)
(10,794)	790	(10,005)	(Surplus) / deficit	(8,005)	31,514	23,509
(123,737)			Opening GF and HRA Balance at 31 March (note 12)	(134,531)		
(10,794)			Add (Surplus) / Deficit on GF and HRA Balance in Year	(8,005)		
(134,531)			Closing GF and HRA Balance at 31 March (note 12)	(142,536)		

Net Expenditure Chargeable to the General Fund and Housing Revenue Account balances is as reported to Management throughout the year except that:

- it excludes depreciation, which is included as an adjustment between funding and accounting basis
- net income relating to investment property £3.49 million, which is reported to Community Services, is included in Other income and expenditure in accordance with generally accepted accounting practices

The other adjustments between accounting and funding basis are not reported to Management during the year but are included in the final year-end outturn report to Corporate Management Team and the Executive.

**1b). Notes To The Expenditure and Funding Analysis**

	<b>Adjustments between Funding and Accounting Basis</b>			
				<b>2019-20</b>
<b>Adjustments from GF to arrive at the CIES amounts</b>	<b>Adjustments for Capital Purposes (Note 1)</b>	<b>Net change for the Pensions Adjustments (Note 2)</b>	<b>Other differences (Note 3)</b>	<b>Total Adjustments</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Community Services	2,462	1,489	1,076	<b>5,027</b>
Finance	9	1,191	488	<b>1,688</b>
Planning & regeneration	6,507	683	13,184	<b>20,374</b>
Environment	371	2,415	284	<b>3,070</b>
Management	4	(281)	-	<b>(278)</b>
Housing Revenue Account	11,175	714	100	<b>11,989</b>
<b>Cost of Services</b>	<b>20,529</b>	<b>6,210</b>	<b>15,132</b>	<b>41,871</b>
<b>Other income and expenditure from the EFA</b>	<b>(10,202)</b>	<b>2,863</b>	<b>(3,017)</b>	<b>(10,356)</b>
<b>Difference between GF surplus and CIES surplus on the Provision of Services</b>	<b>10,327</b>	<b>9,073</b>	<b>12,114</b>	<b>31,514</b>
	<b>Adjustments between Funding and Accounting Basis</b>			
				<b>2018-19</b>
<b>Adjustments from GF to arrive at the CIES amounts</b>	<b>Adjustments for Capital Purposes (Note 1)</b>	<b>Net change for the Pensions Adjustments (Note 2)</b>	<b>Other differences (Note 3)</b>	<b>Total Adjustments</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Community Services	572	1,172	903	<b>2,647</b>
Finance	286	1,548	343	<b>2,177</b>
Planning & regeneration	9	598	5,530	<b>6,137</b>
Environment	7,172	1,887	750	<b>9,809</b>
Management	4	266	-	<b>270</b>
Housing Revenue Account	5,563	517	31	<b>6,111</b>
<b>Cost of Services</b>	<b>13,606</b>	<b>5,989</b>	<b>7,556</b>	<b>27,151</b>
<b>Other income and expenditure from the EFA</b>	<b>(22,174)</b>	<b>2,514</b>	<b>(6,702)</b>	<b>(26,362)</b>
<b>Difference between GF surplus and CIES surplus on the Provision of Services</b>	<b>(8,568)</b>	<b>8,503</b>	<b>855</b>	<b>790</b>

**GUILDFORD BOROUGH COUNCIL STATEMENT OF ACCOUNTS 2019-20**

**Note 1 - Adjustments for Capital Purposes**

Adds in depreciation and revaluation gains and losses in the services line, and for:

Other operating expenditure	adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets
Financing and Investment income and expenditure	the statutory charges for capital financing i.e. Minimum Revenue Provision and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices
Taxation and non-specific grant income and expenditure	capital grants and contributions are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants and contributions are adjusted from those receivables in the year to those receivables without conditions or for which conditions were satisfied throughout the year. The Taxation and Non-Specific Grant Income and Expenditure line is credited with capital grants and contributions receivable in the year without conditions or for which conditions were satisfied in the year

**Note 2 – Net change for the Pensions adjustments**

This column shows the net change for the removal of pension contributions and the addition of IAS 19 Employee Benefits pension related expenditure and income:

- **For services** this represents the removal of the employer pension contributions made by the Council as allowed by statute and the replacement with current service costs and past service costs.
- **For Financing and investment income and expenditure** – the net interest on the defined benefit liability is charged to the CIES.

**Note 3 – Other differences**

This column adds in the amortisation of intangible software assets and revenue expenditure funded from capital under statute in the services line, and for:

Other operating expenditure	adds in the payment to the government Housing Capital Receipts Pool
Financing and Investment income and expenditure	the statutory transfer of the amount equal to the total depreciation charge for all HRA assets to the Major Repairs Reserve is deducted from other income and expenditure as this is not chargeable under generally accepted accounting practices
Taxation and non-specific grant income and expenditure	the charge represents the difference between what is chargeable under statutory regulations for council tax and business rates that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code. This is a timing difference as any difference will be brought forward in future Surpluses or Deficits on the Collection Fund

**1c). Segmental Income**

Revenues received from external customers on a segmental basis (ie how the Council is structured) is analysed below:

2018-19		2019-20
£000	Services	£000
11,450	Community Services	11,354
878	Finance	596
2,253	Planning	2,299
20,784	Environment	22,467
7	Management	116
30,893	Housing Revenue Account	31,015
<b>66,266</b>	<b>Total Income from services</b>	<b>67,847</b>

**2. Expenditure And Income Analysed By Nature**

The Council's expenditure and income is analysed as follows:

2018-19		2019-20
£000	Expenditure/Income	£000
	<b>Expenditure</b>	
40,547	Employee benefits expenses	40,403
62,894	Other services expenses	71,696
1,253	Depreciation, amortisation, revaluation gains and losses	23,231
7,882	Interest payments	8,632
1,632	Precepts and levies	1,741
1,004	Payments to Housing Capital Receipts Pool	2,738
349	IFRS statutory adjustment	1,483
(300)	(Gain) / loss on the disposal of assets	1,724
<b>115,262</b>	<b>Total Expenditure</b>	<b>151,647</b>
	<b>Income</b>	
90,850	Fees, charges and other service income	91,433
11,026	Interest and investment income	10,800
18,880	Income from council tax and non-domestic rates	14,124
4,512	Government grants and contributions	11,780
<b>125,268</b>	<b>Total Income</b>	<b>128,138</b>
<b>(10,005)</b>	<b>Surplus on the Provision of Services</b>	<b>23,510</b>

**3. Other Operating Expenditure**

2018-19		2019-20
£000		£000
1,632	Parish council precepts	1,741
1,004	Payments to the government Housing Capital Receipts Pool	2,738
(300)	(Gains) / losses on the disposal of non-current assets	1,723
<b>2,336</b>		<b>6,202</b>

**GUILDFORD BOROUGH COUNCIL STATEMENT OF ACCOUNTS 2019-20****4. Financing And Investment Income and Expenditure**

<b>2018-19</b>		<b>2019-20</b>
<b>£000</b>		<b>£000</b>
5,368	Interest payable and similar charges	5,769
2,514	Net interest on the net defined benefit liability (Note 27)	2,863
(1,985)	Interest receivable and similar income	(2,145)
349	Increase / Decrease in fair value of investments	1,483
(20,411)	Net income and expenditure in relation to investment properties and changes in their fair value	(5,154)
<b>(14,165)</b>		<b>2,815</b>

More detail in relation to investment property is provided in note 15.

**5. Taxation and Non-Specific Income Grant**

This table shows grants received in year from Council Tax, Business Rates, and other grants.

<b>2018-19</b>		<b>2019-20</b>
<b>£000</b>		<b>£000</b>
(11,071)	Council tax income	(11,612)
(7,809)	Business rates income and expenditure	(2,512)
(2,431)	Non-ringfenced government grants	(3,490)
(2,081)	Capital grants and contributions	(8,290)
<b>(23,392)</b>		<b>(25,904)</b>

The Business rates income and expenditure line above includes the following:

<b>2018-19</b>		<b>2019-20</b>
<b>£000</b>		<b>£000</b>
22,269	Tariff	31,333
(1,449)	Contr from NDR pool	(11)
0	Levy	1,383
(28,629)	Retained income	(35,217)
<b>(7,809)</b>		<b>(2,512)</b>

**6. Related Parties**

The Council is required to disclose material transactions with related parties (bodies or individuals) that have the potential to control or influence the Council or to be controlled or influenced by the Council.

**UK Central Government**

UK Central Government has significant influence over the general operations of the Council – it provides the statutory framework, within which the Council operates, provides funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (for example council tax bills, housing benefits). Grants received from Government departments are set out in note 11.

**Councillors and Officers**

Councillors have direct control over the Council's financial and operating policies.

- The Council paid grants totalling £125,000 (£214,321 in 2018-19) to voluntary organisations in which a number of elected councillors had an interest.

- In addition, the Council paid grants totalling £360,220 (£472,834 in 2018-19) to voluntary organisations in which a number of councillors and one officer were acting as a Borough Council nominee.
- The Council gave support totalling £362,410 (£368,937 in 2018-19) to the Citizens Advice Bureau in which two councillors had an interest and one councillor was acting as Borough Council nominee. In all instances, the grants were made with proper consideration of declarations of interest and the relevant councillors, although able to take part in any discussion relating to these grants, were excluded from voting.
- The Council paid a grant of £22,840, (£23,040 in 2018-19) to a voluntary organisation in which one senior officer and one councillor declared an interest, and had no part in the decision to award the grant.

The Council owns £100,000 deferred shares in a credit union in which one officer (Non-executive Director and Treasurer) declared an interest.

The Council made a donation of £20,000 to a charitable trust, which helps support people in financial distress within the borough. Two councillors and one officer declared an interest, all as trustees of the charity.

The Council collected and paid over precepts, and provided concurrent grant funding, to two parish councils for which two councillors declared an interest. The total paid was £122,464.

The Council controls North Downs Housing Limited and its parent company Guildford Borough Council Holdings Limited through its ownership of 100% of the shares of Guildford Borough Council Holdings Limited.

The Council invests in North Downs Housing Limited through a mixture of share equity (40%) and a 25-year secure variable rate loan (60%) at initial interest rate of Bank of England base rate plus 5%. The finance would be used to purchase residential property within the borough.

At 31 March 2020, the Council had invested a total of £13.643 million in North Downs Housing, maintaining the funding ratio of loan to equity investment of 60:40. Shares in the parent company, Guildford Borough Council Holdings Limited, at 31 March 2020 totalled £6.648 million, with the company continuing to own 100% of the share capital of North Downs Housing Limited.

The Council provides property management and administrative services to North Downs Housing Limited. During 2019-20, these services totalled £102,292 (£93,554 in 2018-19), of which all was unpaid at 31 March 2020.

## 7. **Councillors' Allowances**

This shows the amounts paid to Councillors in the year. The amount paid to each councillor is published on the Council's website, at <https://www.guildford.gov.uk/article/18872/Councillors-allowances>

2018-19		2019-20
£		£
318,340	Basic Allowance	334,736
105,995	Special Responsibility Allowance	102,124
5,037	Mileage and Subsistence	4,453
<b>429,372</b>		<b>441,313</b>



**GUILDFORD BOROUGH COUNCIL STATEMENT OF ACCOUNTS 2019-20****8. Officers' Remuneration**

The following table sets out the remuneration of the council's senior employees for 2019-20. The term senior employee' is defined by the Accounts and Audit Regulations 2015 (the 2015 Regulations) as:

- an employee whose salary is £150,000 per year; or
- an employee whose salary is £50,000 or more per year (to be calculated pro rata if employed for fewer than the usual full-time hours) and whose post or role meets certain criteria set out in the 2015 Regulations.

Postholder	Note		Salaries, fees and Allowances	Other non salary payments	Expenses allowances	Termination payments	Pension contribution	Car lease / other benefits	Total
Managing Director		<b>2019-20</b>	<b>132,302</b>	<b>4,553</b>	<b>1,774</b>	-	<b>20,665</b>	<b>9,776</b>	<b>169,070</b>
		2018-19	127,346	347	1,757	-	19,229	10,264	158,943
Director of Environment		<b>2019-20</b>	<b>98,338</b>	<b>217</b>	<b>1,074</b>	-	<b>14,849</b>	<b>6,168</b>	<b>120,647</b>
		2018-19	95,814	-	4,165	-	14,468	2,435	116,882
Director of Community Services	1	<b>2019-20</b>	<b>76,760</b>	<b>738</b>	<b>3,874</b>	<b>118,105</b>	<b>11,591</b>	<b>639</b>	<b>211,707</b>
		2018-19	95,814	-	4,887	-	14,468	638	115,807
Director of Resources (s151 officer)		<b>2019-20</b>	<b>91,709</b>	<b>836</b>	<b>4,904</b>	-	<b>13,746</b>	<b>570</b>	<b>111,765</b>
		2018-19	86,650	-	4,887	-	13,084	533	105,154
Director of Strategy		<b>2019-20</b>	<b>98,338</b>	-	<b>4,904</b>	-	<b>14,849</b>	-	<b>118,091</b>
		2018-19	95,814	-	4,887	-	14,468	-	115,169
Audit and Performance Manager		<b>2019-20</b>	<b>66,765</b>	<b>884</b>	<b>3,140</b>	-	<b>10,082</b>	-	<b>80,870</b>
		2018-19	64,932	-	2,791	-	9,805	1,912	79,440

The Council's other employees receiving more than £50,000 remuneration for the year, which includes termination payments but excludes employer's pension contributions, were paid the following amounts:

Remuneration Band	2019-20	2018-19
	Number of Employees	Number of Employees
£50,000 - £54,999	26	20
£55,000 - £59,999	10	16
£60,000 - £64,999	11	7
£65,000 - £69,999	7	6
£70,000 - £74,999	5	4
£75,000 - £79,999	6	3
£80,000 - £84,999	5	1
£85,000 - £89,999	4	0
£90,000 - £94,999	0	1
£95,000 - £99,999	0	0
>£100,000	0	2

**Benefits Payable during Employment**

Short-term (<12 months) employee benefits include wages and salaries, paid annual leave, paid sick leave, bonuses and non-monetary benefits (for example cars). These are recognised in the year in which employees provide service to the council and charged to the service line in the CIES.

An accrual is made for the cost of holiday entitlements earned by employees but not taken before the year-end and which employees can carry forward into the next financial year. It is

charged to Surplus or Deficit on the Provision of Services, but then reversed out through the MIRS so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

### Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy. They are charged on an accruals basis to the appropriate service in the CIES at the earlier of when the Council can no longer withdraw the offer of those benefits or when the Council recognises costs for a restructuring.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund Balance to be charged with the amount payable by the Council, not the amount calculated according to the relevant accounting standards. Notional amounts for pension enhancement termination benefits are reversed in the MIRS and replaced with the cash paid and payable but not yet paid in the year.

The numbers of exit packages with total cost per band and total cost of the compulsory and other redundancies are set out in the following table:

Exit Package cost band (incl special payments)	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band	
	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19
							£	£
£0 - £20,000	2	0	0	0	2	0	31,310	64,385
£20,001 - £40,000	7	1	2	0	9	1	263,632	163,545
£40,001 - £60,000	8	0	3	1	11	1	524,811	141,898
£60,001 - £80,000	1	1	0	1	1	2	67,537	198,757
£80,001 - £100,000	3	1	0	0	3	1	273,283	288,775
£100,001 - £150,000	5	0	0	0	5	0	608,627	134,036
	<b>26</b>	<b>3</b>	<b>5</b>	<b>2</b>	<b>31</b>	<b>5</b>	<b>1,769,200</b>	<b>991,396</b>
Less: amounts included above provided for in previous years							-	(220,640)
Add: Amounts provided for in CIES not included in bandings							-	-
<b>Total cost included in CIES</b>							<b>1,769,200</b>	<b>770,756</b>

Payments shown in respect of redundancies include both redundancy payments and additional amounts paid to the Pension Fund, where applicable.

Payments made in respect of other departures agreed include voluntary redundancies, contractual obligations and discretionary payments, relating to people who have left the Council's employment in the interests of efficiency of the service.

### 9. External Audit Cost

The Council has incurred the following costs in relation to the audit of the Statement of Accounts, certification of grant claims and statutory inspections and to non-audit services provided by the Council's external auditors Grant Thornton UK LLP:

**GUILDFORD BOROUGH COUNCIL STATEMENT OF ACCOUNTS 2019-20**

<b>2018-19</b>		<b>2019-20</b>
<b>£'000</b>		<b>£'000</b>
44	External audit services carried out by the appointed auditor for the year	53
20	Certification of grant claims and returns	30
15	Other services	15
<b>79</b>	<b>Total</b>	<b>97</b>

**10. Grant Income**

Government grants, third party contributions and donations are recognised as due to the Council when it is reasonable to conclude that:

- the Council will comply with the conditions attached to the payments, and
- the grants or contributions will be received

Amounts recognised credited to the CIES when conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset in the form of the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Where conditions have not been satisfied, grants and contributions are carried in the Balance Sheet as creditors. When conditions are satisfied grants and contributions are credited to the CIES:

- attributable revenue grants and contributions are credited to the relevant service line
- non-ring-fenced revenue grants and all capital grants are credited to Taxation and Non-Specific Grant Income.

Where capital grants and contributions are credited to the CIES, they are reversed out of the General Fund Balance in the MIRS. Where a contribution has yet to be used to finance capital expenditure, it is posted to the Capital Contributions Unapplied reserve. Where a grant or contribution has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Contributions Unapplied Reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

Where it is uncertain whether a grant or contribution will be used for capital or revenue purposes, the grant will be credited to an earmarked reserve.

The Council credited the following grants, contributions and donations to the CIES.

<b>2018-19</b>		<b>2019-20</b>
<b>£'000</b>		<b>£'000</b>
	<b>Credited to Taxation and Non Specific Grant Income</b>	
7,809	Non domestic rates	2,512
	<u>Non-ringfenced government grants</u>	
1,201	New Homes Bonus	1,039
1,207	s31 grant - Business Rates Retention Scheme & Council Tax	2,425
24	New Burdens grants	26
2,081	Capital grants and contributions	8,290
<b>12,321</b>	<b>Total</b>	<b>14,292</b>
	<b>Credited to Services</b>	
18,538	Housing Benefit Rent Allowance subsidy	15,766
12,903	Housing Benefit Rent Rebate subsidy	11,779
501	Housing Benefit Administration	454
264	Supporting People Grant	213
488	Day care and other social services	408
2	Business Rate Collection	9
1,129	Other	826
<b>33,825</b>	<b>Total</b>	<b>29,455</b>

#### 11. Movements in Earmarked Reserves

The Council sets aside specific amounts from the General Fund and Housing Revenue Account as Earmarked Reserves for future policy purposes or to cover contingencies.

- Earmarked Reserves are created by appropriating amounts out of the General Fund or Housing Revenue Account in the MIRS. When expenditure to be financed from a reserve is incurred, it is charged to the relevant service in that year in the CIES. The expenditure is then appropriated back into the General Fund or Housing Revenue Account in the MIRS.

This note sets out:

- the amounts set aside from the General Fund and Housing Revenue Account balances in earmarked reserves to provide financing for future expenditure plans and
- the amounts posted back from earmarked reserves to meet General Fund and Housing Revenue Account expenditure.

**GUILDFORD BOROUGH COUNCIL STATEMENT OF ACCOUNTS 2019-20**

	<b>Balance at 31 March 2019 £000</b>	<b>Transfers In 2019-20 £000</b>	<b>Transfers Out 2019-20 £000</b>	<b>Balance at 31 March 2020 £000</b>
<b>General fund:</b>				
Budget Pressures	1,929	-	174	1,755
Business Rates Equalisation	8,050	364	2,699	5,715
Capital Schemes	893	600	893	600
Car Parks Maintenance	4,705	637	1,107	4,235
Invest to Save	4,415	2,657	2,806	4,266
IT Renewals	1,204	941	1,479	666
New Homes Bonus	3,527	1,039	1,076	3,490
Park and Ride	1,650	-	-	1,650
Special Protection Area (SPA) Sites	6,194	3,578	5	9,767
Spectrum	1,638	185	-	1,823
Other earmarked reserves	10,064	1,337	1,023	10,378
<b>Total</b>	<b>44,269</b>	<b>11,338</b>	<b>11,262</b>	<b>44,345</b>
<b>HRA:</b>				
Capital Programme	33,329	2,500	-	35,829
New Build	50,685	7,802	2,373	56,114
<b>Total</b>	<b>84,014</b>	<b>10,302</b>	<b>2,373</b>	<b>91,943</b>

<b>Reserve</b>	<b>Purpose of reserve</b>
Budget pressures	set up to allow us to manage the budget reduction required over the next five years
Business rates equalisation	To be used as appropriate to smooth out the effects of the Business Rates Retention Scheme, including those related to regeneration projects
Capital schemes	available to fund General Fund capital expenditure in future years
Car parks maintenance	used to fund repairs, maintenance and improvements in the Council's off street car parks
Invest to save	this reserve funds investment opportunities that will allow us to achieve ongoing savings, and short term increases in revenue costs during periods of transition
IT renewals	receives repayments from services to fund expenditure as set out in the Council's Information and Communication Technology (ICT) strategy
New homes bonus	New Homes Bonus is a general grant that we receive from the UK government. It is not ring-fenced for any specific purpose
Park and ride	this reserve will be used to fund future park and ride sites
Special Protection Area (SPA) sites	set up to hold s106 income received in relation to various SPA sites
Spectrum	this reserve is available to finance structural repairs and improvements to Spectrum Leisure Centre
Other	consists of 38 reserves with balances of less than £1 million, which have been earmarked for a range of different purposes e.g. insurance, pensions, protection from interest rate movements, legal actions, and energy management schemes
HRA capital programme	available to fund Housing Revenue Account capital expenditure in future years
HRA new build	to fund the building and acquisition of new Council homes

## **12. Property, Plant And Equipment (PP&E)**

### Definition

Assets that have physical substance and are held for use in the production or supply of goods or services or for administrative purposes and that are expected to be used during more than one financial year.

### Recognition

Expenditure on the acquisition, creation or enhancement of PP&E is capitalised if it is probable that the item of PP&E will generate future economic benefits and/or service potential.

Expenditure that does not enhance an asset such as repairs and maintenance expenditure is not capitalised and is charged to the CIES as an expense when it is incurred.

### Measurement

PP&E assets are initially measured at cost, comprising:

- the purchase price
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management
- the initial estimate of any future decommissioning costs that will be necessary such as dismantling an item or restoring a site upon which the asset is located.

Assets are then carried in the Balance Sheet using the following measurement bases:

- infrastructure, community assets and assets under construction - historical cost (depreciated as appropriate)
- council dwellings - current value, determined using the existing use value for social housing
- surplus assets –current value, determined using fair value, estimated at highest and best use from a market participant's perspective
- all other assets – current value, determined as the amount that would be paid for the asset in its existing use.

Where there is no market-based evidence of current value because of the specialist nature of an asset, depreciated replacement cost is used as an estimate.

Assets included in the Balance Sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year-end, but as a minimum every five years.

Increases in valuations are credited to the Revaluation Reserve unless there has been a previous reduction in valuation that has been charged to the Surplus or Deficit on Provision of Services line in the CIES. Where such a charge has been made, the increase in valuation is credited to the Surplus or Deficit on Provision of Services (up to the amount that had previously been charged).

Decreases in value are charged:

- to the Revaluation Reserve, where there is a balance in the Revaluation Reserve of revaluation gains for the asset
- where there is no balance in the Revaluation Reserve or an insufficient balance, to the relevant service line(s) in the CIES.

**GUILDFORD BOROUGH COUNCIL STATEMENT OF ACCOUNTS 2019-20**

The Revaluation reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains and losses that arose prior to 1 April 2007 have been transferred to the Capital Adjustment Account.

Revaluations

The Council carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at current value is revalued at least every five years. All of our council dwellings and a proportion of our other operational properties were revalued by the Valuation Office Agency and Bruton Knowles Limited, chartered surveyors, in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. Council dwellings were revalued as at 31 March 2020 and other property as at 1 January 2020. The assets were inspected between October 2019 and March 2020 and the valuer assumed, where relevant, that the properties valued will continue to be in the occupation of the Council for the foreseeable future having regard to the prospect and viability of the continuance of that occupation.

Properties regarded by the Council as operational were valued on the basis of open market value for the existing use or, where this could not be assessed because there was no market for the subject asset, the depreciated replacement cost.

The property, regarded by the Council as surplus and therefore non-operational, was valued at fair value, based on the market approach using current market conditions and recent sales prices and other relevant information for similar assets in the local area. Market conditions are such that similar properties are actively purchased and sold and the level of observable inputs are significant, leading to the property being categorised at Level 2 in the fair value hierarchy.

All assets of the same type, e.g. car parks, are generally revalued together in one year. We check that there are no material trends in the revaluations that should be applied to any of our other assets.

The sources of information and assumptions made in producing the various valuations are set out in a valuation certificate and report, which also provides assurance that the valuer has reviewed the balance sheet values of the remainder of the Council's property portfolio to give assurance that no class of assets is materially misstated.

The valuation figures incorporated in the accounts are the aggregate of separate valuations of parts of the portfolio, not an apportioned valuation of the portfolio valued as a whole.

The following statement shows the progress of the Council's rolling programme for the revaluation of PP&E assets:

	<b>Council Dwellings</b>	<b>Other Land and Buildings</b>	<b>Vehicles, Plant, Furniture &amp; Equipment</b>	<b>Surplus Assets</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Carried at historical cost	173	11,030	27,508	-	38,711
Valued at current value as at:					
31-Mar-20	509,937	159,628	-	-	669,565
31-Mar-19	-	36,340	-	-	36,340
31-Mar-18	-	16,103	-	-	16,103
31-Mar-17	-	6,153	-	125	6,278
31-Mar-16	-	3,481	-	-	3,481
<b>Total Cost or Valuation</b>	<b>510,110</b>	<b>232,735</b>	<b>27,508</b>	<b>125</b>	<b>770,478</b>

### Impairment

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

- Where impairment losses are identified, they are charged: to the Revaluation Reserve, where there is a balance in the Revaluation Reserve of revaluation gains for the asset
- where there is no balance in the Revaluation Reserve or an insufficient balance, to the relevant service line(s) in the CIES.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the CIES, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

### Disposals and Non-current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell and is no longer subject to a depreciation charge. Gains in fair value are recognised only up to the amount of any previously recognised losses.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of:

- their carrying amount before they were classified as held for sale; adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as held for sale, and
- their recoverable amount at the date of the decision not to sell.

When an asset is disposed of (or decommissioned), the carrying amount of the asset in the Balance Sheet (whether PP&E or Assets Held for Sale) is written off to the CIES as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the CIES also as part of the gain or loss on disposal (that is netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation reserve are transferred to the Capital Adjustment Account.

Disposal proceeds in excess of £10,000 are categorised as capital receipts. A proportion of receipts relating to housing disposals, net of statutory deductions and allowances, is payable to the Government. The balance of receipts is required to be credited to the Capital Receipts Reserve and can then only be used for new capital investment or set aside to reduce the Council's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the reserve from the GF Balance in the MIRS.

The written-off value of disposals is not a charge against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the GF Balance in the MIRS.

### Depreciation

Depreciation is provided for on PP&E assets that are available for use by charging their depreciable amounts over their useful lives on a straight-line basis.



**GUILDFORD BOROUGH COUNCIL STATEMENT OF ACCOUNTS 2019-20**

- Assets that do not have a determinable finite useful life (such as freehold land) and assets that are in the course of construction (and therefore not yet available for use) are not depreciated.
- Where an item of PP&E has major components where the cost is significant in relation to the total cost of the item, and where it is necessary to ensure materially correct depreciation charges, the components are depreciated separately. The Council's policy is to consider for componentisation all assets (excluding land) with a value greater than £1 million and where the component(s) comprise more than 20% of the value of the asset.
- Revaluation gains are depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation reserve to the Capital Adjustment Account.

The following useful lives have been used in the calculation of depreciation:

- Council Dwellings – 60 years
- Other Land and Buildings – 5 to 60 years (as estimated by the valuer)
- Vehicles, Plant, Furniture and Equipment – 3 to 30 years (as advised by a suitably qualified officer)
- Infrastructure – 5 to 60 years (as advised by a suitably qualified officer)

#### Assets under construction

Assets that are transferred to under construction in year, may carry a depreciation charge in the year of transfer for the time it was an operational asset.

Depreciation will not be chargeable while assets are under construction

When assets are constructed, they will be moved to their relevant category, and will then start to be depreciated. These assets will be revalued the year after they become operational.

Agenda item number: 4  
**GUILDFORD BOROUGH COUNCIL STATEMENT OF ACCOUNTS 2019-20**

<b>Movement in 2019-20:</b>	<b>Council dwellings £000</b>	<b>Other land and buildings £000</b>	<b>Vehicles, Plant, Furniture &amp; Equipment £000</b>	<b>Infrastructure Assets £000</b>	<b>Community Assets £000</b>	<b>Surplus assets £000</b>	<b>Assets under Construction £000</b>	<b>Total Property, Plant and Equipment £000</b>
<b>Cost or Valuation</b>								
At 1 April 2019	504,604	236,252	26,672	7,769	4,583	125	18,086	798,091
Additions	7,173	1,301	1,049	8,930	-	-	9,888	28,341
Disposals	(3,651)	-	(213)	-	-	-	-	(3,864)
Accumulated depreciation written off to cost or valuation	(6,442)	(4,822)	-	-	-	-	-	(11,264)
Revaluations recognised in the revaluation reserve	8,331	718	-	-	-	-	135	9,184
Revaluations recognised in the surplus on provision of services	(5,779)	(1,221)	-	-	-	-	-	(7,000)
Transfers	5,874	(501)	-	-	1,470	-	(6,128)	715
<b>At 31 March 2020</b>	<b>510,110</b>	<b>231,727</b>	<b>27,508</b>	<b>16,699</b>	<b>6,053</b>	<b>125</b>	<b>21,981</b>	<b>814,203</b>
<b>Accumulated Depreciation</b>								
At 1 April 2019	902	5,611	18,662	4,749	1	4	552	30,481
Charge for 2019-20	5,543	5,675	2,361	193	1	2	-	13,775
Disposals	-	-	(199)	-	-	-	-	(199)
Revaluations	(6,442)	(4,792)	-	-	-	-	-	(11,234)
Impairment losses	-	-	-	-	-	-	600	600
Transfers	-	(42)	-	-	42	-	-	0
<b>At 31 March 2020</b>	<b>3</b>	<b>6,452</b>	<b>20,824</b>	<b>4,942</b>	<b>44</b>	<b>6</b>	<b>1,152</b>	<b>33,423</b>
Net book Value								
<b>As at 31 March 2020</b>	<b>510,107</b>	<b>225,275</b>	<b>6,684</b>	<b>11,757</b>	<b>6,009</b>	<b>119</b>	<b>20,829</b>	<b>780,780</b>

The transfers relate to those sites that are now assets under construction which is predominately housing sites.

The prior year comparison is in the table below:

## GUILDFORD BOROUGH COUNCIL STATEMENT OF ACCOUNTS 2019-20

Movement in 2018-19:	Council dwellings £000	Other land and buildings £000	Vehicles, Plant, Furniture & Equipment £000	Infrastructure Assets £000	Community Assets £000	Surplus assets £000	Assets under Construction £000	Total Property, Plant and Equipment £000
<b>Cost or Valuation</b>								
At 1 April 2018	499,098	214,716	25,814	7,219	4,524	1,380	14,433	767,184
Additions	5,043	16,887	1,427	550	59	-	9,110	33,076
Disposals	(3,321)	(425)	(569)	-	-	-	-	(4,315)
Accumulated depreciation written off to cost or valuation	(5,537)	(5,422)	-	-	-	-	-	(10,959)
Revaluations recognised in the revaluation reserve	3,813	10,018	-	-	-	-	-	13,831
Revaluations recognised in the surplus on provision of services	(64)	253	-	-	-	-	-	189
Transfers	5,572	225	-	-	-	(1,255)	(5,457)	(915)
<b>At 31 March 2019</b>	<b>504,604</b>	<b>236,252</b>	<b>26,672</b>	<b>7,769</b>	<b>4,583</b>	<b>125</b>	<b>18,086</b>	<b>798,091</b>
<b>Accumulated Depreciation</b>								
At 1 April 2018	882	5,399	16,584	4,567	-	-	572	28,004
Charge for 2018-19	5,537	5,698	2,394	182	1	-	-	13,812
Disposals	-	(6)	(316)	-	-	-	-	(322)
Revaluations	(5,537)	(5,422)	-	-	-	-	-	(10,959)
Transfers	20	(58)	-	-	-	4	(20)	(54)
<b>At 31 March 2019</b>	<b>902</b>	<b>5,611</b>	<b>18,662</b>	<b>4,749</b>	<b>1</b>	<b>4</b>	<b>552</b>	<b>30,481</b>
Net book Value								
<b>As at 31 March 2019</b>	<b>503,702</b>	<b>230,641</b>	<b>8,010</b>	<b>3,020</b>	<b>4,582</b>	<b>121</b>	<b>17,534</b>	<b>767,610</b>

### Capital Commitments

At 31 March 2020, the Council has entered into a number of contracts for the construction or enhancement of PP&E in 2020-21 and future years budgeted to cost £xx million, compared to commitments at 31 March 2019 of £17.3 million.

The major commitments are:

- new housing developments
- Midleton industrial estate redevelopment

### 13. Heritage Assets

The Council holds various heritage assets, which are held and maintained principally for their contribution to knowledge and culture. Heritage assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the Council's accounting policies on PP&E. However, some of the measurement rules are relaxed in relation to heritage assets. The Council's heritage assets are accounted for as follows:

- Monuments, including Guildford Castle and Chilworth Gunpowder Mills  
These assets are ruins for which it is not possible to obtain a current valuation. They are held on the balance sheet at historical cost, i.e. the cost of capitalised works carried out to preserve the buildings and are not subject to depreciation as they have

indefinite lives.

- the art collection held at Guildford House Gallery, and civic regalia held at the Guildhall  
 Insurance values have been used as a proxy for fair value. An insurance valuation was carried out by Bonhams 1793 Limited, international auctioneers and valuers as at March 2012. This was based on estimated price of the items if purchased on retail premises. The assets are not depreciated because they have indeterminable lives.
- various sculptures and pieces of artwork around the Borough  
 These assets are held on the balance sheet at historical cost and are not subject to depreciation as they have indeterminable lives.
- the museum collection held at Guildford Museum  
 The Council does not consider that reliable cost or valuation information can be obtained for the museum collection because of the diverse nature of the assets held and lack of comparable market values. Consequently, the Council does not recognise these assets on the balance sheet.

The carrying amounts of heritage assets are reviewed where there is evidence of impairment for heritage assets, for example when an item has suffered physical deterioration or breakage or where doubts arise as to its authenticity. Any impairment is recognised and measured in accordance with the Council's general policies on impairment – see note 13 in this summary of significant accounting policies.

#### Reconciliation of the carrying value of Heritage Assets held by the Council

	Monuments £000	Civic Regalia etc £000	Art Collection £000	Total Assets £000
<b>Cost or Valuation</b>				
At 1 April 2018	966	1,759	805	3,530
Additions	45	-	-	45
<b>At 31 March 2019</b>	<b>1,011</b>	<b>1,759</b>	<b>805</b>	<b>3,575</b>
<b>Cost or Valuation</b>				
At 1 April 2019	1,011	1,759	805	3,575
Additions	-	-	-	-
<b>At 31 March 2020</b>	<b>1,011</b>	<b>1,759</b>	<b>805</b>	<b>3,575</b>

#### Civic Regalia

The Council's collection of civic regalia is held at the Guildhall, and includes such items as the mayor's badge, small and large mace and the civic plate.

#### Art Collection

The collection is held at Guildford House Gallery comprises more than 550 pieces and small collections. Many objects consist of multiple parts so the number of works comes close to 800. They span more than 250 years and include a plethora of media - oil paintings, watercolours, pastels, etchings, engravings, prints, textiles, ceramics, sculpture and glass.

The Heritage Services Collections Development Policy is available from the Council's Heritage Manager.

**GUILDFORD BOROUGH COUNCIL STATEMENT OF ACCOUNTS 2019-20**

**Museum Collections**

Guildford Museum works with local people and other partners to collect, record and care for the Borough’s heritage and to promote understanding, enjoyment, and engagement with that heritage through access and learning for all. Its collections contain material of local, regional, national and international importance and form a unique cultural asset and resource for Guildford Borough, its people and its visitors.

The heritage asset acquisitions and disposals policies are set out in the published Heritage Service’s collections development policy, which the Council reviews every five years. This is a requirement of the national standards scheme for museums, which is managed by Arts Council England. A copy is lodged with other appropriate museums and regional organisations in Surrey and the South East. It is also available on the Council’s website.

**14. Investment Property**

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.

The value of an investment property is initially measured at cost. Thereafter, it is measured at fair value, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. As a non-financial asset, investment properties are measured at highest and best use. Investment properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure (FIIIE) line in the CIES as are any gains or losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the GF Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the GF Balance. Accordingly, any gains or losses are reversed out of the GF Balance in the MIRS and posted to the Capital Adjustment Account (revaluations and value of assets disposed of) and the Capital Receipts Reserve (proceeds of disposals greater than £10,000).

The following items of income and expense have been accounted for in the Financing and Investment Income and Expenditure line in the CIES:

<b>2018-19</b>		<b>2019-20</b>
<b>£000</b>		<b>£000</b>
8,903	Rental income from investment property	8,382
(953)	Direct operating expenses arising from investment property	(1,251)
<b>7,950</b>	<b>Net gain</b>	<b>7,131</b>

There are no restrictions on the Council’s ability to realise the value inherent in its investment property or on the Council’s right to the remittance of income and the proceeds of disposal. The Council has no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancement.

The fair value of the majority of the Council’s investment property has been based on the market approach using current market conditions and recent sales prices and other relevant information for similar assets in the local area. Market conditions are such that similar properties are actively purchased and sold and the level of observable inputs are significant, leading to the properties being categorised at Level 2 in the fair value hierarchy. The inputs used took the form of analysed and weighted market evidence such as sales, rentals and

yields in respect of comparable properties in the same or similar locations at or around the valuation date.

In estimating the fair value of the Council's investment properties, the highest and best use of the properties is their current use.

Level 3 disclosure:

One of the Council's investment properties have been revalued at Level 3 in fair value hierarchy (unobservable inputs):

- **Shalford Water Works**

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. The sensitivity of the inputs is somewhat lessened by the current income being certain until rent review 2033.

The income is in place until the next rent review in 2033, assumed currently to be market rent. However, there is no direct comparable evidence as the last review settled pre arbitration and not in accordance with lease rent review but rather with reference to profits as agreed between the parties.

Valuation methodology

The property has been valued on the basis of the existing rent passing despite the fact that the rent was agreed without direct reference to the lease. The valuers assumed that the current tenant will renew their lease at the end of the term because of their statutory duty, however, any new lease would be based on more modern terms and it is possible that the rent may be reduced. They valued the reversionary rent at a slightly higher yield to reflect this risk. However, the valuation is also minded to look at an alternative valuation, given that the reversion of the lease is not until 2066, where the current rent is valued into perpetuity. Both figures are similar.

The total value included in level 3 for 2019-20 is £2.15 million, the value in 2018-19 was £3.03 million

The following table summarises the movement in the fair value of investment properties over the year:

<b>2018-19</b>		<b>2019-20</b>
<b>£000</b>		<b>£000</b>
147,412	Balance at start of the year	161,244
2,385	Additions	7,024
(350)	Disposals	(12,150)
(930)	Transfers	(735)
12,727	Net gains/(losses) from fair value adjustments	(1,970)
<b>161,244</b>	<b>Balance at end of the year</b>	<b>153,413</b>

**15. Intangible Assets**

Expenditure on assets that do not have a physical substance are capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Council.

Intangible assets are initially measured at cost and carried at amortised cost. It is amortised over its useful life to the relevant service line(s) in the CIES.

**GUILDFORD BOROUGH COUNCIL STATEMENT OF ACCOUNTS 2019-20**

The Council accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of PP&E. The intangible assets only include purchased licences as the Council does not have any significant internally generated software.

All software is given a finite useful life of 5 years based on an assessment of the period that the software is expected to be of use to the Council. The carrying amount of intangible assets is amortised on a straight-line basis.

The movement on the Intangible Asset balance during the year is as follows:

2018-19		2019-20
£000		£000
	Balance at start of the year:	
4,748	Gross carrying amount	5,769
(3,622)	Accumulated amortisation	(3,995)
<b>1,126</b>	<b>Net carrying amount at start of year</b>	<b>1,774</b>
1,021	Purchases	1,010
(373)	Amortisation for the period	(485)
<b>1,774</b>	<b>Net carrying amount at end of year</b>	<b>2,299</b>
	Comprising:	
5,769	Gross carrying amount	6,779
(3,995)	Accumulated amortisation	(4,480)

**16. Assets Held For Sale**

2018-19		2019-20
£000		£000
2,077	Balance at start of the year	2,116
-	Assets purchased	-
	Assets newly classified as held for sale:	
1,791	Property, Plant and Equipment	20
-	Assets sold	(1,705)
<b>2,116</b>	<b>Balance at end of the year</b>	<b>431</b>

Only one of the two assets classified as held for sale at the start of the year was actually sold. One further asset has been identified as being held for sale - 121b Aldershot Road.

**17. Short Term Debtors**

31 March 2019		31 March 2020
£000		£000
6,928	Central government bodies	(56)
6,085	Other local authorities	4,181
7,319	Other entities and individuals	9,396
<b>20,332</b>	<b>Total</b>	<b>13,521</b>

**18. Cash And Cash Equivalent**

Cash comprises cash in hand and demand deposits. Cash will also include bank overdrafts that are repayable on demand and that are integral to the Council's cash management.

Balances classified as 'Cash Equivalents' fit the definition of being short term, highly liquid (that is callable) investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

The net balance of Cash and Cash Equivalents consists of the following elements:

31 March 2019 £000		31 March 2020 £000
6	Cash held by the Council	6
(63)	Bank current accounts	(407)
13,241	Callable deposits	15,034
<b>13,184</b>	<b>Total Cash and Cash Equivalents</b>	<b>14,633</b>

**19. Short Term Creditors**

31 March 2019 £000		31 March 2020 £000
1,131	Central government bodies	9,287
24,276	Other local authorities	5,350
9,711	Other entities and individuals	18,521
<b>35,118</b>	<b>Total</b>	<b>33,158</b>

**20. Provisions**

Provisions are created when the Council has an obligation, such as a legal claim against it that has arisen from a past event and it is probable that the Council will need to settle that obligation. In addition, it is necessary that the obligation can be reliably estimated.

Provisions are charged as an expense to the appropriate service line in the CIES when the Council has an obligation. They are measured at best estimate at the Balance Sheet date, taking into account relevant risks and uncertainties. When payments are made to clear the obligation, they are charged to the provision carried in the Balance Sheet.

Estimated settlements are reviewed at the end of each financial year and where necessary revised. If there is a need to increase the provision, the additional amount is charged to the relevant service in the CIES. If, however, the obligation is estimated or ultimately proves to be less than the value of the provision, the excess amount is credited to the relevant service in the CIES.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (for example from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the Council settles the obligation.



**GUILDFORD BOROUGH COUNCIL STATEMENT OF ACCOUNTS 2019-20**

	<b>Outstanding legal cases £000</b>	<b>Business Rates appeals £000</b>	<b>Other provisions £000</b>	<b>Total £000</b>
<b>Balance at 31 March 2018</b>	<b>52</b>	<b>6,002</b>	<b>495</b>	<b>6,549</b>
*Opening balance adjustment	0	(1,501)	0	(1,501)
Additional provisions made	0	0	0	0
Amounts used	0	(746)	(221)	(967)
Unused amounts reversed	0	(1,224)	0	(1,224)
<b>Balance at 31 March 2019</b>	<b>52</b>	<b>2,531</b>	<b>274</b>	<b>2,857</b>
*Opening balance adjustment	0	0	0	0
Additional provisions made	0	1,491	500	1,991
Amounts used	0	(2,599)	0	(2,599)
Unused amounts reversed	0	1,509	0	1,509
<b>Balance at 31 March 2020</b>	<b>52</b>	<b>2,932</b>	<b>774</b>	<b>3,758</b>

The Council's provisions consist of six items totalling £3.7 million (£2.8 million in 2018-19).

Outstanding Legal Cases

This relates to search fees, which, subject to legal action, may have to be repaid.

Business rates Appeals

The business rates appeals provision was set up to cover the Council's share of the estimated reduction in business rates collectable due to rating appeals. It was calculated using information provided by the Valuation Office Agency about outstanding appeals, and our historical knowledge of the likely success rate of these appeals. £1.509 million was reversed out of the provision for appeals, and additional £1.49 million was added into the reserve and £2.599 million of revaluation list amendments were charged against the provision, but only the Council's 30% share is shown here. The remainder is allocated to Surrey County Council (70%) and is reflected in the balance sheet in the Council's net creditors with them.

Other provisions

All other provisions are individually insignificant.

**21. Cash Flow Statement – Operating Activities**

The cash flows for operating activities include the following items:

<b>2018-19</b>		<b>2019-20</b>
<b>£000</b>		<b>£000</b>
1,888	Interest received	2,185
(5,516)	Interest paid	(5,607)

The surplus on the provision of services has been adjusted for the following non-cash movements:

Agenda item number: 4  
**GUILDFORD BOROUGH COUNCIL STATEMENT OF ACCOUNTS 2019-20**

<b>2018-19</b>		<b>2019-20</b>
<b>£000</b>		<b>£000</b>
13,796	Depreciation	13,775
(190)	Revaluation gains on Property, Plant & Equipment	7,600
373	Amortisation of intangible assets	485
(102)	Increase / (decrease) in creditors	687
(4,213)	(Increase) / decrease in debtors	9,032
(183)	(Increase) / decrease in inventories	36
8,503	Movement in pension liability	9,073
6,095	Carrying amount of non-current assets sold	17,520
(15,846)	Other adjustments	4,405
<b>8,233</b>		<b>62,613</b>

The surplus on the provision of services has been adjusted for the following items that are investing and financing activities:

<b>2018-19</b>		<b>2019-20</b>
<b>£000</b>		<b>£000</b>
(2,080)	Capital grants and contributions credited to surplus on the provision of services	2,310
0	Net adjustment from sale of investments	(8,293)
(6,366)	Proceeds from the sale of non-current assets	(15,753)
<b>(8,446)</b>		<b>(21,736)</b>

# GUILDFORD BOROUGH COUNCIL STATEMENT OF ACCOUNTS 2019-20

## Technical Notes To The Accounts

The following notes are more technical in nature and provide additional accounting detail supporting the primary statements and notes.

### 22. Adjustments Between Accounting And Funding Basis Under Regulations

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Council in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Council to meet future capital and revenue expenditure.

2019-20	Usable Reserves					
	General Fund Balance £000	Housing Revenue Account £000	Capital Receipts reserve £000	Major Repairs Reserve £000	Capital Contributions Unapplied £000	Mvt in Unusable Reserves £000
<b>Adjustments to the Revenue Resources:</b>						
<b>Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement (CIES) are different from revenue for the year calculated in accordance with statutory requirements:</b>						
Pensions costs (trf to / (from) the Pensions Reserve)	8,263	810	-	-	-	(9,073)
Council tax and Business Rates (trf to the Collection Fund Adjustment Account)	(1,930)	-	-	-	-	1,930
Reversal of entries in the Surplus or Deficit on the Provision of Services re capital expenditure (charged to CAA)	38,855	14,926	-	-	-	(53,781)
Movements in the market value of Investment Properties (transferred from CAA)	2,216	-	-	-	-	(2,216)
Capital grants and contributions unapplied credited to the CIES	(8,290)	-	-	-	8,290	-
Benefit accrual	331	-	-	-	-	(331)
IFRS9 statutory reversal	1,483	-	-	-	-	(1,483)
<b>Total Adjustments to Revenue Resources</b>	<b>40,928</b>	<b>15,737</b>	<b>-</b>	<b>-</b>	<b>8,290</b>	<b>(64,954)</b>
<b>Adjustments between Revenue and Capital Resources</b>						
Tfr of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	(12,087)	(3,667)	15,755	-	-	-
Payments to the government housing receipts pool (funded by a transfer from the Capital Receipts Reserve)	2,738	-	(2,738)	-	-	-
Posting of HRA resources from revenue to the MRR	-	(5,641)	-	5,641	-	-
Statutory provision for the repayment of debt (transfer from CAA)	(927)	-	-	-	-	927
Capital expenditure financed from revenue balances (transfer to CAA)	(3,194)	(2,373)	-	-	-	5,567
<b>Total Adjustments</b>	<b>(13,469)</b>	<b>(11,681)</b>	<b>13,016</b>	<b>5,641</b>	<b>-</b>	<b>6,493</b>
<b>Adjustments to Capital Resources</b>						
Use of the Capital Receipts Reserve to finance capital expenditure	-	-	(19,604)	-	-	19,604
Use of the MRR to finance capital expenditure	-	-	-	(5,023)	-	5,023
Application of capital grants and contributions to finance capital expenditure	-	-	-	-	(8,421)	8,421
<b>Total Adjustments to Capital Resources</b>	<b>-</b>	<b>-</b>	<b>(19,604)</b>	<b>(5,023)</b>	<b>(8,421)</b>	<b>33,047</b>
<b>Total adjustments</b>	<b>27,458</b>	<b>4,055</b>	<b>(6,588)</b>	<b>618</b>	<b>(130)</b>	<b>(25,414)</b>

Agenda item number: 4  
**GUILDFORD BOROUGH COUNCIL STATEMENT OF ACCOUNTS 2019-20**

2018-19	Usable Reserves						Mvt in Unusable Reserves £000
	General Fund Balance £000	Housing Revenue Account £000	Capital Receipts reserve £000	Major Repairs Reserve £000	Capital Contributions Unapplied £000		
<b>Adjustments to the Revenue Resources:</b>							
<b>Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement (CIES) are different from revenue for the year calculated in accordance with statutory requirements:</b>							
Pensions costs (trf to / (from) the Pensions Reserve)	8,082	421	-	-	-	(8,503)	
Council tax and Business Rates (trf to the Collection Fund Adjustment Account)	(2,474)	-	-	-	-	2,474	
Reversal of entries in the Surplus or Deficit on the Provision of Services re capital expenditure (charged to CAA)	18,203	9,054	-	-	-	(27,258)	
Movements in the market value of Investment Properties (transferred from CAA)	(12,587)	(140)	-	-	-	12,727	
Capital grants and contributions unapplied credited to the CIES	(2,081)	-	-	-	2,081	-	
Benefit accrual	116	-	-	-	-	(116)	
IFRS9 statutory reversal	291	-	-	-	-	(291)	
<b>Total Adjustments to Revenue Resources</b>	<b>9,551</b>	<b>9,336</b>	<b>-</b>	<b>-</b>	<b>2,081</b>	<b>(20,967)</b>	
<b>Adjustments between Revenue and Capital Resources</b>							
Tfr of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	(3,039)	(3,328)	6,367	-	-	-	
Payments to the government housing receipts pool (funded by a transfer from the Capital Receipts Reserve)	1,004	-	(1,004)	-	-	-	
Posting of HRA resources from revenue to the MRR	-	(5,639)	-	5,639	-	-	
Statutory provision for the repayment of debt (transfer from CAA)	(795)	-	-	-	-	795	
Capital expenditure financed from revenue balances (transfer to CAA)	(4,217)	(2,083)	-	-	-	6,300	
<b>Total Adjustments</b>	<b>(7,047)</b>	<b>(11,049)</b>	<b>5,363</b>	<b>5,639</b>	<b>-</b>	<b>7,095</b>	
<b>Adjustments to Capital Resources</b>							
Use of the Capital Receipts Reserve to finance capital expenditure	-	-	(8,985)	-	-	8,985	
Use of the MRR to finance capital expenditure	-	-	-	(4,395)	-	4,395	
Application of capital grants and contributions to finance capital expenditure	-	-	-	-	(1,673)	1,673	
<b>Total Adjustments to Capital Resources</b>	<b>-</b>	<b>-</b>	<b>(8,985)</b>	<b>(4,395)</b>	<b>(1,673)</b>	<b>15,053</b>	
<b>Total adjustments</b>	<b>2,503</b>	<b>(1,714)</b>	<b>(3,622)</b>	<b>1,244</b>	<b>408</b>	<b>1,181</b>	

**General Fund balance** – this is a statutory fund in which all the receipts and expenditure of the Council are accounted. It summarises the resources the Council has to spend on its services or on capital investment at the end of the financial year.

**Housing Revenue Account** – this reflects the statutory obligation to maintain a revenue account for local authority council housing provision. It contains the balance on income and expenditure that is available to fund future expenditure in connection with the landlord's function.

**Capital receipts reserve** – this holds the proceeds from the disposal of capital assets which can only be used to fund new capital expenditure or be set aside to fund financial historical capital expenditure (ie debt). The balance is the resources yet to be applied at the end of the year.

**Major repairs reserve** – the Council is required to maintain a major repairs reserve, which controls an element of the capital resources limited to being used on capital expenditure on Housing Revenue Account assets or the financing of historical capital expenditure by the Housing Revenue Account. The balance is the resources yet to be applied at the end of the year.

**Capital contributions unapplied** – this holds the grants and contributions received

**GUILDFORD BOROUGH COUNCIL STATEMENT OF ACCOUNTS 2019-20**

towards capital projects where the Council has met the conditions that would otherwise require repayment but the money has not yet been spent. The balance is restricted by grant terms as to the capital expenditure against which it can be applied and/or the financial year in which this can take place.

**23. Unusable Reserves**

The following table summarises the unusable reserves (i.e. non-cash reserves) held by the council, with more detail for each reserve below.

<b>31 March 2019</b>		<b>31 March 2020</b>
<b>£000</b>		<b>£000</b>
242,017	Revaluation Reserve	242,599
1,908	Financial Instruments Reserve	425
404,492	Capital Adjustment Account	396,637
(115,983)	Pensions Reserve	(113,567)
(2,444)	Collection Fund Adjustment Account	(515)
(355)	Accumulated Absences Account	(686)
<b>529,635</b>		<b>524,893</b>

**Revaluation Reserve**

The Revaluation Reserve contains the gains made by the Council arising from increases in the value of its PP&E. The balance is reduced when assets with accumulated gains are:

- revalued downwards or impaired and the gains are lost
- used in the provision of services and the gains are consumed through depreciation, or
- disposed of and the gains are realised.

The reserve contains only revaluation gains accumulated since 1 April 2007, the date that the reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

<b>2018-19</b>		<b>2019-20</b>
<b>£000</b>		<b>£000</b>
236,864	<b>Balance at 1 April</b>	242,017
14,816	Upward / (downward) revaluation of assets	(5,078)
(1,017)	(Upward) / downward revaluation of assets not charged to the Surplus on Provision of Services	14,262
13,800	Surplus on revaluation of non-current assets not posted to the Surplus on Provision of Services	9,185
(4,077)	Difference between fair value depreciation and historical cost depreciation	(4,152)
(4,570)	Accumulated gains on assets sold or scrapped	(4,451)
(8,647)	Amounts written off to the Capital Adjustment Account	(8,603)
<b>242,017</b>	<b>Balance at 31 March</b>	<b>242,599</b>

**Financial Instruments reserve**

This reserve contains the gains made by the Council arising from increases in its value of investments classified as Fair Value through Profit and Loss (FVPL) which are eligible for the governments Statutory Override.

2018-19		2019-20
£000		£000
<b>1,730</b>	<b>Balance at 1 April</b>	<b>1,908</b>
291	Upward/(downward) revaluation of investment in year	(1,483)
(113)	IFRS9 transition transfer	0
<b>1,908</b>	<b>Balance at 31 March</b>	<b>425</b>

### Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the CIES. The account is credited with the amounts set aside by the Council as finance for the costs of acquisition, construction and enhancement.

The account contains accumulated gains and losses on investment properties and gains recognised on donated assets that have yet to be consumed by the Council.

The account also contains revaluation gains accumulated on PP&E before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

2018-19			2019-20
£000			£000
<b>388,227</b>	<b>Balance at 1 April</b>		<b>404,492</b>
	<u>Reversal of items debited or credited to the CIES:</u>		
(13,795)	Charge for depreciation of non-current assets	(13,775)	
189	Revaluation gains / (losses) on PPE	(7,000)	
(373)	Amortisation of intangible assets	(485)	
(7,183)	Revenue expenditure funded from capital under statute	(14,647)	
0	Impairment	(600)	
(6,095)	Amounts of non-current assets written off on disposal or sale as part of the gain on disposal to the CIES	(17,520)	
<b>(27,257)</b>			<b>(54,027)</b>
8,647	Adjusting amounts written out of the Revaluation reserve		8,603
<b>(18,610)</b>	<b>Net written out amount of the cost of non-current assets consumed in the year</b>		<b>(45,424)</b>
	<u>Capital financing applied in the year:</u>		
8,985	Use of the Capital Receipts Reserve to finance new capital expenditure	19,603	
4,395	Use of the Major Repairs Reserve to finance new capital expenditure	5,023	
1,673	Use of capital grants and contributions to finance new capital expenditure	8,421	
795	Provision for the financing of capital investment charged against the GF and HRA balances (MRP)	927	
6,300	Capital expenditure charged against the GF and HRA balances	5,566	
<b>22,148</b>			<b>39,540</b>
12,727	Movements in the market value of Investment Properties debited or credited to the CIES		(1,970)
<b>404,492</b>	<b>Balance at 31 March</b>		<b>396,637</b>

### Pensions Reserve

This reserve absorbs the timing differences arising from the different arrangements for

**GUILDFORD BOROUGH COUNCIL STATEMENT OF ACCOUNTS 2019-20**

accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Council accounts for post-employment benefits in the CIES as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Council makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

2018-19		2019-20
£000		£000
(90,217)	<b>Balance at 1 April</b>	(115,983)
(17,263)	Remeasurements of the net defined benefit liability	11,489
(11,961)	Reversal of items relating to retirement benefits debited or credited to the Deficit on the Provision of Services in the CIES	(12,687)
3,458	Employer's pensions contributions and direct payments to pensioners payable in the year	3,614
<b>(115,983)</b>	<b>Balance at 31 March</b>	<b>(113,567)</b>

**Collection Fund Adjustment Account**

The Collection Fund Adjustment Account manages the differences arising from the recognition of council tax and non-domestic rates income in the CIES as it falls due from council tax payers and business rates payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

2018-19		2019-20
£000		£000
(4,918)	<b>Balance at 1 April</b>	(2,444)
2,474	Amount by which council tax and non-domestic rates income credited to the CIES is different from income calculated for the year in accordance with statutory requirements	1,929
<b>(2,444)</b>	<b>Balance at 31 March</b>	<b>(515)</b>

**24. Capital Expenditure and Capital Financing**

The table below shows the total amount of capital expenditure incurred in the year together with the resources that have been used to finance it.

Where capital expenditure is to be financed in future years (as assets are used) by charges to revenue, the expenditure results in an increase in the Capital Financing Requirement (CFR). The CFR is a measure of the capital expenditure incurred historically by the Council that has yet to be financed.

Expenditure incurred during the year that may be capitalised under statutory provisions but does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the CIES in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the MIRS from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of council tax.

<b>Capital expenditure and financing</b>		
<b>2018-19</b>		<b>2019-20</b>
<b>£'000</b>		<b>£'000</b>
272,806	<i>Opening Capital Financing Requirement</i>	297,578
	<i>Capital Investment</i>	
24,010	Operational assets	17,732
11,496	Non-operational assets	17,632
1,021	Intangible assets	1,011
1,921	Long Term Investments	2,376
1,290	Long term debtors	3,565
7,183	Revenue Expenditure Funded from Capital under Statute	14,642
	<i>Sources of finance</i>	
(1,316)	Specific Capital Grants	(7,604)
(8,985)	Capital Receipts	(19,604)
(357)	Contributions	(817)
(7,095)	Direct Revenue Financing and MRP / VRP	(6,493)
(4,396)	HRA Major Repairs Reserve	(5,023)
<b>297,578</b>	<b><i>Closing Capital Financing Requirement</i></b>	<b>314,996</b>
24,772	<i>Movement during the year</i>	17,418
	Increase in underlying need to borrow (unsupported by government financial assistance)	

## 25. Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property from the lessor to the lessee. All other leases are classified as operating leases.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

### Council as Lessee

#### Finance leases

PP&E held under finance leases is recognised on the Balance Sheet at the date of inception of the lease at fair value

PP&E recognised under a finance lease is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life.

The Council is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual provision is made from revenue towards the deemed capital investment in accordance with statutory requirements. Depreciation and impairment losses are therefore replaced by revenue provision in the GF Balance, by way of an adjusting transaction with the Capital Adjustment



**GUILDFORD BOROUGH COUNCIL STATEMENT OF ACCOUNTS 2019-20**

Account in the MIRS for the difference between the two.

The Council has acquired a number of assets under finance leases. They are included on the Balance Sheet at the following net amounts:

<b>2018-19</b>		<b>2019-20</b>
<b>£'000</b>		<b>£'000</b>
2,955	Council Dwellings	2,889
11,492	Other Land & Buildings	11,347
<b>15,369</b>		<b>14,236</b>

There are no liabilities recorded on the balance sheet because the Council paid premiums at the start of these leases and there are no more payments due.

#### *Operating leases*

Rentals paid under operating leases are charged to the CIES as an expense to the services benefitting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease; even if this does not match the pattern of payments (for example there is a rent-free period at the commencement of the lease).

#### **Council as Lessor**

##### *Finance leases*

Where the Council grants a finance lease for an item of PP&E, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether PP&E or Assets Held for Sale) is written off to the CIES, and any premium received is credited to the CIES, as part of the gain or loss on disposal.

The accounting treatment is the same as for PP&E disposals described in note 12.

The Council has leased out a number of investment properties on finance leases with remaining lease terms of 60 years or more. In each case a premium was paid to the Council by the lessee in order to enter into the lease and there are no future minimum lease payments due.

#### *Operating leases*

Where the Council grants an operating lease for an item of PP&E or an investment property, the asset is retained in the Balance Sheet. Rental income is credited to the CIES on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (for example, there is a premium paid at the commencement of the lease).

The Council leases out operational property under operating leases primarily for the provision of social housing and community services such as sports facilities. It also leases out investment property under operating leases.

The future lease payments receivable under non-cancellable leases in future years are:

<b>2018-19</b>		<b>2019-20</b>
<b>£'000</b>		<b>£'000</b>
8,140	Less than one year	6,731
25,352	one year to five years	22,552
314,165	Later than five years	308,475
<b>347,657</b>		<b>337,758</b>

The lease payments receivable in 2019-20 were £10 million (£10.6 million in 2018-19).

## **26. Defined Pension Benefit**

### **Participation in Pension Schemes**

As part of the terms and conditions of employment of its officers, the Council makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make the payments that need to be disclosed at the time that employees earn their future entitlement.

The Council participates in the Local Government Pension Scheme administered by Surrey County Council. Most of the Council's employees are members. The scheme provides defined benefits (retirement lump sums and pensions) to members that they have earned as Council employees. It is a funded scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets in the long term.

The scheme is operated under the regulatory framework for the Local Government Pension Scheme and the governance of the scheme is the responsibility of the Pension Board of Surrey County Council. Policy is determined in accordance with the Pension Fund Regulations. The investment managers of the Fund are appointed by the Board and consist of eleven investment fund managers plus private equity fund managers.

The principal risks to the Council of the scheme are the longevity of members, statutory changes to the scheme, structural changes to the scheme (i.e. large scale withdrawals from the scheme), changes to inflation, bond yields and the performance of equity investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge to the General Fund the amounts required by statute as described in the accounting policies note.

The scheme is a multi-employer plan. Employers are required by regulation to meet the minimum contributions as set out in the Rate and Adjustments Certificate for the relevant actuarial valuation. For 2018-19 this would be the valuation carried out as at March 2016.

If another entity was to be unable to meet required funding commitments to the Fund and no suitable guarantee was available, either in the form of a bond or a charge on assets or a parent organisation, then any deficit would be spread across existing fund employers.

If the Council were to withdraw from the scheme, the fund actuary would carry out a cessation valuation to calculate its plan liabilities and assets. Any deficit on this valuation would need to be recovered through a final contribution to the fund. Any surplus would not be recoverable.

### **Transactions Relating to Post-employment Benefits**

The Council's participation in the Local Government Pension Scheme is accounted for as a defined benefits scheme.

- the liabilities of the pension scheme attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – that is an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc., and projections of projected earnings for current employees.

**GUILDFORD BOROUGH COUNCIL STATEMENT OF ACCOUNTS 2019-20**

- liabilities are discounted to their value at current prices, using a discount rate of 2.7% (based on the indicative rate of return on high quality corporate bond over a range of periods).
- the assets of the pension fund attributable to the Council are included in the Balance Sheet at their fair value using the following bases:
  - quoted securities – current bid price
  - unquoted securities – professional estimate
  - unitised securities – current bid price
  - property – market value

The change in the net pensions liability is analysed into the following components:

- Service cost comprising:
  - current service cost - the increase in liabilities as result of years of service earned this year – allocated in the CIES to the services for which the employees worked
  - past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years - debited to the Surplus or Deficit on the Provision of Services in the CIES, within the Resources Directorate.
  - net interest on the net defined benefit liability, i.e. net interest expense for the Council – the change during the period in the net defined benefit liability that arises from the passage of time charged to the FIIE line in the CIES – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability at the beginning of the period – taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments
- Re-measurements comprising:
  - the return on plan assets (excluding amounts included in the net interest on the net defined benefit liability) – the annual investment return on the fund assets attributable to the Council, based on an average of the expected long-term return – credited to Other Comprehensive Income and Expenditure
  - actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure
- Contributions paid to the Surrey County Council Pension Fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund Balance to be charged with the amount payable by the Council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the MIRS, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned

by employees.

*Discretionary Benefits*

The Council also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. These are unfunded defined benefit arrangements under which liabilities are recognised when awards are made. However, there are no investment assets built up to meet these pension liabilities, and cash has to be generated to meet actual pension payments as they eventually fall due. They are accounted for using the same policies as are applied to the Local Government Pension Scheme.

We recognise the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against council tax is based on the cash payable in the year, so the real cost of retirement benefits is reversed out of the General Fund via the MIRS.

The following transactions have been made in the CIES and the General Fund Balance via the MIRS during the year:

<b>Pension Costs</b>		
<b>2018-19</b>		<b>2019-20</b>
<b>£000</b>		<b>£000</b>
<b>Comprehensive Income &amp; Expenditure Statement</b>		
<b><u>Service Cost</u></b>		
8,402	Current service cost	9,694
1,045	Past service cost (including curtailments)	130
<b>9,447</b>	<b>Total Service Cost</b>	<b>9,824</b>
<b><u>Financing and Investment Income and Expenditure:</u></b>		
(5,036)	Interest income on plan assets	(4,698)
7,550	Interest cost on defined benefit obligation	7,561
<b>2,514</b>	<b>Total Net Interest</b>	<b>2,863</b>
<b>11,961</b>	<b>Total Post Employment Benefits charged to the Surplus or Deficit on the Provision of Services</b>	<b>12,687</b>
<b><u>Remeasurement of the Net Defined Liability comprising:</u></b>		
6,071	Return on plan assets excluding amounts included in net interest	(23,366)
0	Actuarial losses arising from changes in demographic assumptions	0
(23,247)	Actuarial (gains)/losses arising from changes in financial assumptions	31,656
(87)	Other experience	3,199
<b>(17,263)</b>	<b>Total remeasurements recognised in Other Comprehensive Income (OCI)</b>	<b>11,489</b>
<b>(5,302)</b>	<b>Total Post Employment Benefits charged to the CIES</b>	<b>24,176</b>

**GUILDFORD BOROUGH COUNCIL STATEMENT OF ACCOUNTS 2019-20****Pension Assets and Liabilities Recognised in the Balance Sheet**

The amount included in the Balance Sheet arising from the authority's obligation in respect of its defined benefit plan is as follows:

2018-19 £000		2019-20 £000
	<b>Movement in Reserves Statement</b>	
(11,961)	Reversal of net charges made to the Surplus or Deficit on the provision of services for post employment benefits in accordance with the code	(12,687)
	<b>Actual amount charged against the General Fund Balance for pensions in the year:</b>	
3,458	Employers' contributions payable to scheme	3,614

**Reconciliation of the Movements in the Fair Value of the Scheme Assets:**

2018-19 £000		2019-20 £000
196,712	Fair value of plan assets	175,259
(309,370)	Present value of funded liabilities	(285,856)
(3,325)	Present value of unfunded liabilities	(2,970)
<b>(115,983)</b>	<b>Net Liability arising from Defined Benefit Obligation</b>	<b>(113,567)</b>

**Reconciliation of Present Value of the Scheme Liabilities (Defined Benefit Obligation)**

2018-19 £000		2019-20 £000
125,299	Opening fair value of the scheme assets	196,712
5,036	Interest income	4,698
	<b>Remeasurement gain</b>	
6,071	Return on plan assets excluding amounts included in net interest	(23,366)
3,458	Contributions from employer	3,614
1,518	Contributions from employees into the scheme	1,518
(7,028)	Benefits paid	(7,917)
<b>134,354</b>	<b>Closing Fair Value of Scheme Assets</b>	<b>175,259</b>

2018-19 £000		2019-20 £000
188,537	Opening fair value of the scheme liabilities	312,695
8,402	Current service cost	9,694
7,550	Interest cost	7,561
1,518	Contributions from scheme participants	1,518
	<b>Remeasurement gain</b>	
0	Actuarial losses arising from changes in demographic assumptions	0
23,247	Actuarial (gains)/losses arising from changes in financial assumptions	(31,656)
87	Other	(3,199)
1,045	Past Service Cost	130
(7,028)	Benefits paid	(7,917)
<b>223,358</b>	<b>Closing Fair Value of Scheme Liabilities</b>	<b>288,826</b>

**Pension Scheme Assets Comprised:**

Asset Category	31-Mar-20				31-Mar-19			
	Quoted Prices in Active Markets £(000s)	Prices not quoted in Active markets £(000s)	Totals £(000s)	%	Quoted Prices in Active Markets £(000s)	Prices not quoted in Active markets £(000s)	Totals £(000s)	%
<b>Equity Securities:</b>								
Consumer	5,000.9	-	5,000.9	3%	5,326.6	-	5,326.6	3%
Manufacturing	3,732.7	-	3,732.7	2%	3,418.0	-	3,418.0	2%
Energy and utilities	1,356.6	-	1,356.6	1%	3,031.3	-	3,031.3	2%
Financial Institutions	2,951.4	-	2,951.4	2%	3,051.6	-	3,051.6	2%
Health and Care	3,018.3	-	3,018.3	2%	2,606.3	-	2,606.3	1%
Information Technology	5,720.5	-	5,720.5	3%	5,824.3	-	5,824.3	3%
Other	99.5	-	99.5	0%	519.3	-	519.3	0%
<b>Debt Securities</b>								
Corporate Bonds (investment grade)	-	-	-	0%	-	-	-	0%
Corporate Bonds (non-investment grade)	-	-	-	0%	-	-	-	0%
UK Government	-	9,909.6	9,909.6	6%	-	-	-	0%
Other	-	-	-	0%	-	-	-	0%
<b>Private Equity</b>								
All	-	14,021.5	14,021.5	8%	-	11,660.1	11,660.1	6%
<b>Real Estate</b>								
UK Property	3,033.50	5,738.30	8,771.8	5%	3,552.60	5,777.60	9,330.2	5%
Overseas Property	-	3,851.00	3,851.0	2%	-	3,413.00	3,413.0	2%
<b>Investment Funds and Unit Trusts</b>								
Equities	92,219.9	-	92,219.9	53%	94,293.3	13,532.9	107,826.2	55%
Bonds	20,398.8	-	20,398.8	12%	23,578.5	9,280.3	32,858.8	17%
Hedge funds	-	-	-	-	-	-	-	-
Commodities	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
<b>Derivatives</b>								
Inflation	-	-	-	-	-	-	-	-
Interest Rate	-	-	-	-	-	-	-	-
Foreign Exchange	(1,761.5)	-	(1,761.5)	(1%)	1,148.0	-	1,148.0	1%
Other	-	-	-	-	-	-	-	-
<b>Cash and Cash Equivalents</b>								
All	5,968.0	-	5,968.0	3%	6,698.5	-	6,698.5	3%
<b>Totals</b>	<b>141,739</b>	<b>33,520</b>	<b>175,259</b>	<b>101%</b>	<b>153,048</b>	<b>43,664</b>	<b>196,712</b>	<b>100%</b>

**Basis for Estimating Assets and Liabilities**

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumption about mortality rates, salary levels etc. The County Council fund liabilities have been assessed by Hymans Robertson LLP, an independent firm of actuaries. The Actuary has prepared the figures by applying a 'roll-forward' approach to the last formal valuation, which was as at 31 March 2016.

**GUILDFORD BOROUGH COUNCIL STATEMENT OF ACCOUNTS 2019-20**

The main financial assumptions used in their calculation have been:

2018-19		2019-20
	<b>Mortality assumptions:</b>	
	<b>Longevity at 65 for current pensioners:</b>	
22.5 years	Men	22.1 years
24.6 years	Women	24.3 years
	<b>Longevity at 65 for future pensioners:</b>	
24.1 years	Men	22.9 years
26.4 years	Women	25.7 years
2.4%	<b>Rate of Inflation (CPI)</b>	1.8%
2.7%	<b>Rate of increase in salaries*</b>	2.8%
2.4%	<b>Rate of increase in pensions</b>	1.8%
2.7%	<b>Rate for discounting scheme liabilities</b>	2.3%
	<b>* Salary increases are assumed to be 1.5% until March 2017, reverting to the long term assumption shown thereafter.</b>	

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analyses changes while all the other assumptions remain constant. The assumptions in longevity for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in 2018-19.

<b>Change in Assumptions at 31 March 2020</b>	<b>Approximate % increase to Employer</b>	<b>Approximate monetary amount (£000)</b>
0.5% decrease in Real Discount rate	10%	27,542
0.5% increase in the Salary Increase Rate	1%	2,563
0.5% increase in the Pension Increase Rate	9%	24,749

The principal demographic assumption is the longevity assumption (i.e. member life expectancy). For sensitivity purposes, the Actuary has estimated that a one-year increase in life expectancy would approximately increase the Employer's Defined Benefit Obligation by around 3% to 5%. In practise the actual cost of a one-year increase in life expectancy will depend on the structure of the revised assumption (i.e. if improvements to survival rates predominantly apply at younger or older ages)

#### **Impact on the Council's Cash Flows**

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. Funding levels are monitored on an annual basis. The next triennial valuation applies from 1 April 2020.

The scheme will need to take account of the national changes to the scheme under the Public Pensions Services Act 2013. Under the Act, the Local Government Pension Scheme in England and Wales and the other main existing public service pension schemes may not

provide benefits in relation to service after 31 March 2014 (or service after 31 March 2015 for other main existing public service pension schemes in England and Wales). The Act provides for scheme regulations to be made within a common framework, to establish new career average revalued earnings schemes to pay pensions and other benefits.

The Council anticipates paying £9,960,000 contributions to the scheme in 2020-21.

The weighted average duration of the defined benefit obligation for scheme members is 21 years.

The liabilities show the underlying commitments that the Council has in the long run to pay retirement benefits. The total liability of £116 million has a substantial impact on the net worth of the Council as recorded in the balance sheet. However, statutory arrangements for funding the deficit mean that the financial position of the Council remains healthy; the deficit will be made good by increased contributions over the remaining working life of employees, as assessed by the scheme actuary.

## **27. Contingent Liabilities**

A contingent liability arises where an event has taken place that gives the Council a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but disclosed as a note to the accounts.

Municipal Mutual Insurance Limited may claim an amount of up to £517,000 in relation to the company's liability for asbestos induced mesothelioma claims arising on the Council's liability account. During 2012-13 the directors of Municipal Mutual Insurance Limited triggered the scheme of arrangement, with an initial levy rate of 15%. A further levy of 10% was raised in 2015-16. The Council has paid both of them. There may be further levies at some time in the future, but there is no indication of when or how much.

## **28. Contingent Assets**

A contingent asset arises where an event has taken place that gives the Council a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council.

Contingent assets are not recognised in the Balance Sheet but disclosed as a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

The council had no contingent assets.

## **29. Financial Instruments**

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity investment of another entity. They are recognised on the balance sheet when the Council becomes party to the contractual provisions of the financial instrument.

### **Financial Liabilities**

A financial liability is an obligation to transfer economic benefits controlled by the Council. It can be a contractual obligation to deliver cash, financial assets or an obligation to exchange



**GUILDFORD BOROUGH COUNCIL STATEMENT OF ACCOUNTS 2019-20**

financial assets and liabilities with another entity that are potentially unfavourable to the Council.

They are initially measured at fair value and are subsequently measured and carried on the Balance Sheet at their amortised cost.

Annual charges to the Financing and Investment Income and Expenditure (FIIE) line in the CIES for interest payable are based on the carrying amount of the liability, multiplied by the effective interest rate for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

Financial liabilities held at the balance sheet date consist of long-term loans with the Public Works Loan Board (PWLB), bank overdraft and trade payables for goods and services received. For the Councils loans, the amount presented in the Balance Sheet is the outstanding principle repayable (plus accrued interest); and interest charged to the CIES is the amount payable for the year according to the loan agreement.

The financial liabilities disclosed in the balance sheet are analysed across the following categories:

FINANCIAL LIABILITIES	Long-term		Short-term	
	31 March 2020 £000	31 March 2019 £000	31 March 2020 £000	31 March 2019 £000
<b>Borrowing</b>				
<u>Loans at amortised cost</u>				
- Principal sum borrowed	192,435	192,665	44,230	20,267
- Accrued interest	-	-	264	66
- Internal charities	-	-	4	4
<b>Total Borrowing</b>	<b>192,435</b>	<b>192,665</b>	<b>44,498</b>	<b>20,337</b>
<u>Loans at amortised cost</u>				
- Bank overdraft	-	-	(407)	(63)
<b>Total Cash Overdrawn</b>	<b>-</b>	<b>-</b>	<b>(407)</b>	<b>(63)</b>
Trade payables (Creditors)	-	-	2,253	3,371
<b>TOTAL FINANCIAL LIABILITIES</b>	<b>192,435</b>	<b>192,665</b>	<b>46,344</b>	<b>23,645</b>

The total short-term borrowing includes £230,000 (£230,000 in 2018-19) representing the short-term portion of long-term borrowing (repayable within 1 year).

The short-term creditors line on the balance sheet include £30.418 million (£32.997 million in 2018-19) short-term creditors that do not meet the definition of a financial liability.

All non-derivative financial liabilities are carried in the balance sheet at amortised cost. Their fair values have been estimated by calculating the net present value of the remaining contractual cash flows at 31 March 2020, using the following methods and assumptions:

- loans borrowed by the Council have been valued by discounting the contractual cash flows over the whole life of the instrument at the appropriate market rate for local authority loans
- the fair values of other long-term loans have been discounted at the market rates for similar instruments with similar remaining terms to maturity on 31 March 2020
- no early repayment or impairment is recognised for any financial instrument

Agenda item number: 4  
**GUILDFORD BOROUGH COUNCIL STATEMENT OF ACCOUNTS 2019-20**

- the fair value of short-term instruments, including trade payables, is assumed to approximate to the carrying amount.

Financial Liabilities	Fair value level	Balance sheet 31 March 2020 £'000	Fair value 31 March 2020 £'000	Balance sheet 31 March 2019 £'000	Fair value 31 March 2019 £'000
<i>Financial liabilities held at amortised cost:</i>					
Long-term loans from PWLB	2	192,665	215,727	192,895	213,012
Other long-term loans	2	-	-	-	-
<b>TOTAL</b>		<b>192,665</b>	<b>215,727</b>	<b>192,895</b>	<b>213,012</b>
Liabilities for which fair value is not disclosed		160,088		139,461	
<b>TOTAL FINANCIAL LIABILITIES</b>		<b>352,753</b>		<b>332,356</b>	
<i>Recorded on balance sheet as:</i>					
Long-term borrowing		192,435		192,665	
Other long-term liabilities		113,567		115,983	
Short-term creditors		2,253		3,371	
Short-term borrowing		44,498		20,337	
<b>TOTAL FINANCIAL LIABILITIES</b>		<b>352,753</b>		<b>332,356</b>	

The liabilities for which fair value is not disclosed comprise of short-term financial liabilities that are assumed to be approximate to the carrying amount, including both short-term borrowing and trade payables. Other long-term liabilities relate to the pension scheme liability.

We have judged that it is appropriate to calculate the fair value of PWLB loans by reference to rates from the local authority bonds market as adjusted for interest rate swap rates available from Bloomberg.

The fair value of long-term PWLB loans held at amortised cost is higher than their balance sheet carrying amount because the Council's portfolio of loans includes a number of loans where the interest rate payable is higher than the current rates available for similar loans at the balance sheet date. The reverse is true of other long-term loans payable.

### Financial Assets

A financial asset is a right to future economic benefits controlled by the Council that is represented by cash or other instruments or a contractual right to receive cash or another financial asset.

There are three classifications for financial assets under the Code of Practice

- amortised cost
- fair value through other comprehensive income
- fair value through profit and loss

Financial assets are classified into these three categories based on the Council's business model for holding the assets and their cash flow characteristics.

Amortised Cost (cash flows re solely payments of principal and interest and the Council's business model is to collect those cash flows)

These comprise:

- cash in hand
- bank current and deposit accounts with HSBC Bank PLC

**GUILDFORD BOROUGH COUNCIL STATEMENT OF ACCOUNTS 2019-20**

- fixed term deposits with banks and building societies
- loans to other local authorities
- loans to small companies and housing associations
- covered bonds issued by banks and building societies
- trade receivables for goods and services provided

These financial assets are initially measured at fair value and are subsequently measured and carried on the Balance Sheet at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the CIES for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument.

For the Council's financial assets this means that they are presented in the balance sheet as the outstanding principal receivable (plus accrued interest) and interest credited to the CIES is the amount receivable for the year in the investment agreement.

Any gains or losses that arise on the derecognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the CIES.

Fair value through other comprehensive income (where cash flows are solely payments of principal and interest and the Council's business model is to both collect those cash flows and sell the instrument)

The Council does not currently hold any financial assets with this categorisation.

Fair value through profit and loss (all other financial assets)

These financial assets comprise:

- money market funds
- pooled funds

Details of the Council's investment holdings can be found in the Capital and Investment Outturn Report ([Link](#))

These are initially measured and carried at fair value. Changes in fair value are taken to the CIES within the Financing and Investment Income and Expenditure line, and are gains and losses recognised in the General Fund. However, the Government introduced a 5-year statutory override for this impact for pooled funds, whereby the gain or loss in year can be reversed out via the MIRS and held in the Financial Instruments Reserve.

Any gains and losses that arise on the de-recognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the CIES, along with any accumulated gains or losses previously recognised in the Financial Instruments Reserve.

### **Expected Credit Loss Model**

The Council recognises expected credit losses on all of its financial assets held at amortised cost either on a 12-month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors) held by the authority.

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an instrument

Agenda item number: 4  
**GUILDFORD BOROUGH COUNCIL STATEMENT OF ACCOUNTS 2019-20**

was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12-month expected losses.

The financial assets included in the balance sheet are as follows.

FINANCIAL ASSETS	Long-term		Short-term	
	31 March 2020 £000	31 March 2019 £000	31 March 2020 £000	31 March 2019 £000
<b>Investments</b>				
<u>Amortised cost</u>				
- Principal	34,154	40,481	41,851	21,558
- Accrued interest	-	-	814	608
<u>Fair value through profit and loss</u>				
- Fair value	8,955	4,619	17,120	20,342
<b>Total Investments</b>	<b>43,109</b>	<b>45,100</b>	<b>59,785</b>	<b>42,508</b>
<b>Cash and Cash Equivalents</b>				
<u>Amortised cost</u>				
- Cash	-	-	6	5
- Cash equivalents	-	-	528	-
- Accrued interest	-	-	-	-
<u>Fair value through profit and loss</u>				
- Fair value	-	-	14,506	13,241
<b>Total Cash and Cash Equivalents</b>	<b>-</b>	<b>-</b>	<b>15,040</b>	<b>13,246</b>
Trade receivables (Debtors)	-	-	8,557	7,584
<b>TOTAL FINANCIAL ASSETS</b>	<b>43,109</b>	<b>45,100</b>	<b>83,382</b>	<b>63,338</b>

The short-term debtors line in the balance sheet includes £4.607 million (£12.726 million in 2018-19) short-term debtors that do not meet the definition of a financial asset.

## GUILDFORD BOROUGH COUNCIL STATEMENT OF ACCOUNTS 2019-20

Financial assets	Fair value level	Balance sheet 31 March 2020 £'000	Fair value 31 March 2020 £'000	Balance sheet 31 March 2019 £'000	Fair value 31 March 2019 £'000
<i>Financial assets held at fair value:</i>					
Money market funds	1	14,506		8,328	
Bond, equity and property funds	1	14,487		19,826	
Shares in unlisted companies	3	110	110	100	100
<i>Financial assets held at amortised cost:</i>					
Corporate, covered and government bonds	1	19,167	19,030	36,712	34,971
Long-term loans to local authorities	2	27,500	28,209	19,298	17,214
Long-term loans to companies	3	6,995	6,995	2,698	2,698
<b>TOTAL</b>		<b>82,765</b>	<b>54,344</b>	<b>86,962</b>	<b>54,983</b>
Assets for which fair value is not disclosed		50,501		25,079	
<b>TOTAL FINANCIAL ASSETS</b>		<b>133,266</b>		<b>112,041</b>	
<i>Recorded on balance sheet as:</i>					
Long-term debtors		7,182		3,665	
Long-term investments		43,109		45,100	
Short-term debtors		8,557		7,584	
Short-term investments		59,785		42,508	
Cash and Cash Equivalents		14,633		13,184	
<b>TOTAL FINANCIAL ASSETS</b>		<b>133,266</b>		<b>112,041</b>	

The fair value of short-term financial assets including trade receivables (debtors), and short-term investments as loans and receivables, is assumed to approximate to the carrying amount.

The fair value of financial assets held at amortised costs is higher than their balance sheet carrying amount because the interest rate on similar investments is now lower than that obtained when the investment was originally made.

The £6.995 million in the table relates to a loan to our wholly owned company, North Downs Housing Limited. The fair value has been calculated using the value of the loans made to the company plus accrued interest on the loan.

No credit loss adjustment has been made on the North Downs Housing Limited loans:

- The market valuation at 31 March 2020 of the 27 properties purchased prior to 1 April 2019 stood at £7.233 million.
- We purchased another 14 properties in 2019-20 with expenditure of £3.85 million, bringing the total asset value to be £13.08 million.
- The loan is £8.26 million meaning there is £4.82 million (or 36%) asset value to debt ratio.
- The company business plan always assumed it was loss making in the first 5 years, the purchase of properties has been slower than planned so it is therefore assumed the period of making a loss is now the first 8 years.
- The company is 100% wholly owned and the assets revert back to the Council if the company goes bust.
- RICS March 2020 contains market information for the UK rental sector (particularly in the south east) (<https://www.rics.org/uk/news-insight/research/market-surveys/uk-residential-market-survey/>).
- In addition, unemployment is low locally which would indicate a steady property rental market going forward

(<https://www.nomisweb.co.uk/reports/lmp/la/1946157330/report.aspx>)

### Offsetting Financial Assets and Liabilities

Financial assets and liabilities are set off against each other where the Council has a legally enforceable right to sell off and it intends to either settle on a net basis or to realise the asset and settle the liability simultaneously. The only item offset on the balance sheet is the bank overdraft, which is shown within cash and cash equivalents. The Council had no other financial assets or liabilities subject to an enforceable master netting arrangement or similar agreement.

### Gains and Losses

The gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments consist of the following items:

2018-19					2019-20			
Financial Liabilities (amortised cost) £000	Financial Assets: Amortised cost £000	Financial Assets: Fair Value through P&L £000	Total £000		Financial Liabilities (amortised cost) £000	Financial Assets: Amortised cost £000	Financial Assets: Fair Value through P&L £000	Total £000
5,368	-	-	5,368	Interest expense	5,769	-	-	5,769
5,368	-	-	5,368	<b>Total expense in Surplus on the Provision of Services</b>	5,769	-	-	5,769
-	(729)	(1,124)	(1,853)	Interest income	-	(981)	(1,137)	(2,118)
-	(729)	(1,124)	(1,853)	<b>Total income in Surplus on the Provision of Services</b>	-	(981)	(1,137)	(2,118)
-	-	0	0	(Gains) / losses on revaluation	-	-	1,483	1,483
-	-	0	0	<b>(Surplus) / deficit arising on revaluation of financial assets in Other Comprehensive Income and Expenditure</b>	-	-	1,483	1,483
5,368	(729)	(1,124)	3,515	<b>Net (gain)/loss for the year</b>	5,769	(981)	346	5,134

### Transaction Costs

Material transactions costs for financial assets and liabilities held at amortised cost are attached to the loan or investment and charged to the CIES over the life of the financial instrument. Immaterial transaction costs are charged in full to the CIES in the financial year in which they are incurred.

### 30. Nature And Extent Of Risks Arising From Financial Instruments

The Council has adopted CIPFA's Code of Practice on Treasury Management (and subsequent amendments) and complies with the Prudential Code for Capital Finance in Local Authorities (both revised in December 2017).

As part of the adoption of the Treasury Management Code, the Council approves a capital and investment strategy before the commencement of each financial year. The strategy sets out the parameters for the management of risks associated with financial instruments. The Council also produces treasury management practices specifying the practical arrangements to follow to manage these risks.

The capital strategy includes an Annual Investment Strategy in compliance with the MHCLG Guidance on Local Government Investments. This Guidance emphasises that priority is given to security and liquidity, rather than yield. The Council's capital strategy, together with its treasury management practices are based on achieving a suitable balance between risk and return or cost.

The council's activities expose it to a variety of financial risks:

**GUILDFORD BOROUGH COUNCIL STATEMENT OF ACCOUNTS 2019-20**

- credit risk – the possibility that other parties might fail to pay amounts due to the Council
- liquidity risk – the possibility that the Council might not have cash available to make contracted payments on time
- market risk – the possibility that an unplanned financial loss might arise as a result of changes in market variables such as interest rates or equity prices.

**Credit risk: Investments**

The Council manages credit risk by ensuring that investments are placed with organisations of high credit quality and in line with the approved capital and investment strategy (the definition of high credit quality is set in the strategy). These include commercial entities with a minimum long-term credit rating of A-, the UK government, other local authorities, and organisations without credit ratings, or with a credit rating of below A-, where the Council has received independent investment advice. We have set our high credit quality criteria as A-, however we do have allowance in our capital strategy to invest in counterparties below this.

The capital and investment strategy also imposes a maximum sum the Council can invest with a financial institution or group other than the UK government. This is £10 million maximum, of which only £6 million may be on unsecured investments. The Council sets limits on investments in certain sectors. A maximum sum for long-term investments (greater than a year) is also set.

All investments in 2019-20 were in line with the Council's approved capital strategy.

The Council's maximum exposure to credit risk in relation to its investments in banks and building societies cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of non-recovery applies to all of the Council's deposits, but there was no evidence at the balance sheet date that this was likely to materialise.

The credit quality of £18.1 million of the Council's long-time investments is enhanced by collateral held. This is entirely in the form of covered bonds collateralised by residential mortgages. This collateral significantly reduces the likelihood of the Council suffering a loss on these investments.

The table below summarises the credit risk exposures of the Council's investment portfolio by credit rating:

Investment type	Credit rating	Long term		Short term	
		31 Mar 20 £000	31 Mar 19 £000	31 Mar 20 £000	31 Mar 19 £000
Investments	AAA	16,044	12,872	2,060	8,320
	AA+	18,000	-	21,232	
	AA	-	-	-	
	AA-	-	21,500	-	5,004
	A+	-	-	-	
	A	-	6,000	14,040	8,013
	A-	-	-	2,000	
	BBB+	-	-	1,123	-
Housing associations	n/a	-	-	5,007	7,545
Housing Company	n/a	6,995	4,619	317	184
Surrey Save Shares	n/a	100	100	-	-
B4SH	n/a	10	10	-	-
Unrated building societies	n/a	-	-	-	1,002
Money Market Funds	AAA	-	-	14,506	13,241
Call Accounts	AA-	-	-	528	-
Investment Funds	n/a	1,960	-	13,060	12,022
<b>Total Investments</b>		<b>43,109</b>	<b>45,101</b>	<b>73,873</b>	<b>55,331</b>

Loss allowed on treasury investments have been calculated by reference to historic default data published by credit ratings. The resulting loss allowance was immaterial, so no adjustment has been made in the accounts.

#### Trade Receivables

The Council does not generally allow credit for customers. Of the total debt outstanding £3.2 million relating to services that the Council has invoiced for is past its due date for payment. The past due amount can be analysed by age as follows:

	Debtors	
£'000		£'000
2,362	Less than six months	2,400
108	Six months to one year	220
533	More than one year	659
<b>3,003</b>		<b>3,278</b>

The Council's credit risk on lease receivables is mitigated by its legal ownership of the assets leased, which can be repossessed if the debtor defaults on the lease contract. Loss allowances for receivables have been calculated based on historic information. Debts are deemed to be overdue when they are at least 30 days past their due date. Anything with a due date prior to 1 April 2019 has been written off to the Surplus or Deficit on the Provision of Services, despite the Council continuing to make every effort to collect the sums owing.

#### Liquidity risk

The Council has a comprehensive cash flow management system that seeks to ensure that cash is available as needed. The Council has access to borrowing facilities via the Public Works Loans Board (PWLB) and other local authorities and at higher rates from banks and building societies. There is no perceived risk that the Council will be unable to raise finance to meet its commitments.

The Council is exposed to the risk that it will need to refinance a significant proportion of its borrowing at the time of unfavourable interest rates. The Council's strategy is to plan



**GUILDFORD BOROUGH COUNCIL STATEMENT OF ACCOUNTS 2019-20**

carefully when new loans are taken out and making early repayments where financially advantageous. The risk is also managed by maintaining a spread of fixed rate loans ensuring loans mature at different times.

The Council would only borrow in advance of need where there is a clear business case for doing so.

The maturity analysis of the principal sums borrowed is as follows:

31 March 2019		31 March 2020
£'000		£'000
	<b>Short Term Borrowing</b>	
20,230	Less than one year	44,230
	<b>Long Term Borrowing</b>	
230	Over 1 but not over 2 years	45,000
55,000	Over 2 but not over 5 years	20,000
55,000	Over 5 but not over 10 years	45,000
25,000	Over 10 but not over 15 years	25,000
25,000	Over 15 but not over 20 years	25,000
32,435	Over 20 but not over 30 years	32,435
<b>212,895</b>	<b>Total Borrowings</b>	<b>236,665</b>

All trade and other payables are due to be paid in less than one year.

**Market risk: Interest rate risk**

The Council is exposed to risks arising from movements in interest rates on its borrowing and investments. Movement in interest rates have a complex impact on the Council. For instance, a rise in interest rates would have the following effects:

- borrowings at variable rates – the interest expense will rise
- borrowings at fixed rates – the fair value of the borrowings will fall
- investments at variable rates – the interest income credited will rise
- investments at fixed rates – the fair value of the investments will fall.

Investments measured at amortised cost and loans borrowed are not carried at fair value, so changes in their fair value will have no impact on the CIES.

Changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services. Movements in fair value of fixed rate investments measured at fair value will be reflected in Other Comprehensive Income and Expenditure or the Surplus or Deficit on the Provision of Services as appropriate.

The Capital and Investment Strategy aims to mitigate these risks by setting upper limits for fixed and variable interest rate exposures.

If interest rates had been 1% higher (all other variables being constant) the financial effect across the whole portfolio would be an increase in interest received of approximately £1.1 million, and an increase in interest payable on loans of approximately £1.9 million.

**Market Risks: Price Risk**

The market prices of the Council's fixed rate bond investments and its units in pooled bond funds are governed by prevailing interest rates and the market risk associated with these instruments is managed alongside interest rate risk.

The Council's investment in a pooled property fund is subject to the risk of falling commercial property prices. We limit our exposure to pooled property funds to help mitigate this risk.

The Council's investment in a pooled equity fund is subject to the risk of falling share prices.

The gain or loss on pooled funds are now classified as Fair Value through Profit and Loss, and charged to the FIIE line in the CIES, so all movements will have an impact in the year the movement incurred. The Government, however, has implemented a mandatory 5-year statutory override, in that the movement in year can be transferred out to a Financial Instrument Reserve via the MIRS.

**31. North Downs Housing Ltd**

As at 31 March 2020, North Downs Housing Ltd had purchased 41 properties, against the original business plan of 100 properties. The Council has invested £7.9 million in the company through a mix of equity and loan finance.

Income for 2019-20 was £407,000 with revenue expenditure of £295,000. There have not been any long-term voids.

The revised business plan assumes 25 further purchases in 2020-21.

**32. Critical Judgements In Applying Accounting Policies**

In applying the accounting policies, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events.

Although there is a degree of uncertainty about future levels of funding for local government the Council has determined that this uncertainty does not indicate that the assets of the Council might be impaired. The factors taken into account in concluding that the Council continues to be a going concern include our level of reserves, level of committed funding, budget and cash for the coming years, and the lack of proposed local government reorganisation.

Covid-19 has resulted in financial implications across the sector. The Narrative Statement provides more information relating to the Council. There is an impact on the pension fund valuation as a result of Covid-19. There was considerable market volatility leading into March 2020 which has led to material uncertainty regarding the funds investment valuations. The valuation of the pension fund could, therefore, reduce in value. The auditors have assessed that there could be a material impact on the Council based on the estimated size of holdings. The Pension fund will request updated valuations from fund managers where possible.

The value of PP&E on the Balance Sheet includes the value of certain land and buildings that were not formally revalued during the year under the Council's rolling programme of revaluations. The Council uses critical judgement to determine by how much the value of other land and buildings within PP&E on the Balance Sheet would have to be understated or overstated to mislead a user of the accounts and therefore to require these assets to be formally revalued.

Critical judgement has been used in identifying how assets are classified on the balance sheet. In particular, some assets that we hold to earn rental income are also held for economic development and regeneration purposes. However, as they are not used in the direct delivery of services they have been classified as investment property.

Also, some assets that are held for their historical interest are classified as PP&E rather than

**GUILDFORD BOROUGH COUNCIL STATEMENT OF ACCOUNTS 2019-20**

heritage assets because they are also used to provide a particular service.

Critical judgement is also used in classifying our leases as either operating or finance leases.

The Council has determined that a materiality level of £1 million is appropriate for inclusion of accounting policies and disclosure notes in the Statement of Accounts.

**33. Assumptions Made About The Future And Other Major Sources Of Estimation Uncertainty**

The Statement of Accounts contains estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates. The items in the Council's Balance Sheet at 31 March 2020 for which there is a risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Business Rates	<p>Since the introduction of the Business Rates Retention Scheme effective from 1 April 2013, local authorities are liable for successful appeals against business rates charged to businesses in 2019-20 and earlier years, in their proportionate share.</p> <p>A provision of £7.329 million, of which the Council's share is £2.93 million, has been recognised for the best estimate of the amount that businesses have been overcharged up to 31 March 2020. The provision has been calculated using the Valuation Office ratings list of appeals and the analysis of successful appeals to date.</p>	<p>If the level of successful appeals varies by 1%, it would increase or decrease the appeals provision by £100,100, which in turn would increase or decrease the deficit on the Collection Fund by £100,100. The Council's share of the increase or decrease would be £40,040, which would increase or decrease the surplus on provision of services in the Comprehensive Income and Expenditure Statement.</p>
Property, Plant and Equipment (PP&E) and Investment property	<p>PPE and investment property are included in the balance sheet at fair value of £781 million and £153 million respectively. Chartered surveyors are engaged to provide expert advice in the assumptions to be applied when carrying out the valuations.</p> <p>Individual items of PP&amp;E are depreciated over estimated useful lives that are partly dependent upon assumptions about the level of repairs and maintenance that will take place.</p> <p>If the Council were not able to sustain its level of spending on the repair and maintenance of its assets in the long term the estimated useful life assigned to individual assets would need to be reduced.</p>	<p>If the valuations were changed by 1%, it would increase or decrease the value of net assets on the balance sheet by around £7 million.</p> <p>If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls.</p> <p>Depreciation costs do not affect the Council's overall financial position as they form part of the adjustment between accounting basis and funding basis under regulations.</p>
Pensions Liability	<p>Estimation of the net liability to pay pensions of £112 million depends on a</p>	<p>The effects on the net pension liability of changes in individual</p>

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
	<p>number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.</p>	<p>assumptions can be measured. For instance, a 0.5% decrease in the discount rate assumption would result in an increase in the pension liability of £27.542 million. A 0.5% increase in the salary increase rate would result in an increase in the pension liability of £2.563 million and a 0.5% increase in the Pensions increase rate would result in an increase in the pension liability of £24.749 million.</p> <p>During 2019-20, the Council's Actuary advised that the net pension's liability had increased by £22.9 million. This is as a result of an increase in the net discount rate (much lower discount rate, net of slightly higher inflation) over this period.</p>
Debtors	<p>At 31 March 2020, the Council was owed approximately £33 million. A review of significant balances suggested that an allowance for doubtful debts of £6.5 million was appropriate. However, in the current economic climate it is not certain that such an allowance would be sufficient.</p>	<p>If collection rates were to deteriorate, a doubling of the amount of doubtful debts would require an additional £1.3 million to set aside as an allowance.</p>

**34. Accounting Standards that have been issued but not yet adopted**

The Code of Practice on Local Authority Accounting in the United Kingdom (the Code) requires the disclosure of information relating to the expected impact of an accounting change that will be required by a new standard that has been issued but not yet adopted.

These standards are:

- Amendments to IAS 28 *Investments in Associates and Joint Ventures*: Long-term interests in Associates and Joint Ventures
- Annual improvements to IFRS Standards 2015- 2017 cycle
- Amendments to IAS 19 *Employee benefits*

We are not expecting these to have a material impact on the Council's financial performance or financial position in 2020-21.

## Housing Revenue Account (HRA) Income And Expenditure Statement

The HRA Income and Expenditure Statement shows the income and expenditure related to providing council dwellings in accordance with generally accepted accounting practices. However, the Council is required to charge rent to cover expenditure in accordance with the legislative framework rather than on an accounting basis. The increase or decrease in the year of the HRA balance on the legislative basis is shown in the Movement on the HRA Statement.

2018-19		NOTE	2019-20
£000			£000
	<b>Income</b>		
	Gross Rent Income	1	
29,444	Dwellings		29,570
925	Non-dwellings		1,189
1,482	Charges for Services and Facilities		1,502
140	Supporting People Grant		114
<b>31,991</b>	<b>Total Income</b>		<b>32,375</b>
	<b>Expenditure</b>		
5,677	Repairs and Maintenance		6,269
5,281	Supervision and Management		5,650
64	Increased Provision for Bad or Doubtful Debts		64
5,639	Depreciation	8	5,641
(76)	Revaluation (gain)/loss		(548)
163	Debt Management Expenses		195
309	Other Expenditure		170
<b>17,057</b>	<b>Total Expenditure</b>		<b>17,441</b>
<b>(14,934)</b>	<b>Net Income of HRA Services per Comprehensive Income &amp; Expenditure Statement</b>		<b>(14,934)</b>
259	HRA Share of Corporate & Democratic Core		259
<b>(14,675)</b>	<b>Net Income of HRA Services</b>		<b>(14,675)</b>
(8)	(Gain) / Loss on sale of HRA fixed assets		(12)
(456)	HRA Investment Income		(356)
5,159	Interest payable		5,159
<b>(9,980)</b>	<b>Surplus for year on HRA services</b>		<b>(9,884)</b>

## Movement On The Housing Revenue Account (HRA) Statement

The Movement on the HRA Statement shows the increase or decrease in the HRA balance. This forms the basis on which rent levels are set. The statement includes an adjustment line which shows the difference between the surplus (or deficit) shown in the HRA Income and Expenditure Statement (the accounting basis) and the surplus (or deficit) for funding purposes (the legislative basis).

2018-19			2019-20
£000			£000
2,500	Balance on the HRA at the end of the previous year		2,500
9,980	Surplus for the year on the HRA Income and Expenditure Account	9,884	
(1,714)	Adjustments between accounting basis and funding basis under statute (see note 23 to the Accounts)	4,055	
8,266	Net increase before transfers to reserves	13,939	
(8,266)	Transfers to reserves (see note 12 to the Accounts)	(12,675)	
-	Increase in year on the HRA		1,264
<b>2,500</b>	<b>Balance on the HRA at the end of the current year</b>		<b>3,764</b>

## Notes To The Housing Revenue Account

### 1. Gross Rent Income

This is the total rent income due for the year after allowance is made for voids etc. During the year, voids amounted to £663,421 or 2.24% of gross rent income from dwellings (£607,888 or 2.08% for 2018-19). Average rents were £110.15 per week in 2019-20, a decrease of £0.68 over the previous year.

### 2. Rent Arrears

At 31 March 2020, rent arrears were £1,210,889 (including £922,405 former tenant arrears) or 4.1% of gross rent income. The comparable figures for 2018-19 were £1,239,820 (including £457,668 former tenant arrears) or 4.24% of gross rent income.

The provision for bad debts at 31 March 2020 was £907,953. The comparable figure for 2018-19 was £929,840.

Amounts written off in the year amounted to £88,587 (£63,914 in 2018-19)

### 3. Housing Stock

The Council was responsible for managing on average 5,220 dwellings in 2019-20, analysed below:

<b>2018-19</b>	<b>Average</b>	<b>2019-20</b>
2,635	Houses	2,642
2,255	Flats	2,257
319	Bungalows	319
<b>5,209</b>		<b>5,218</b>
<b>2018-19</b>		<b>2019-20</b>
5,212	Stock at 1 April	5,207
(12)	Less Sales	(19)
7	Other Adjustments	40
<b>5,207</b>	<b>Stock at 31 March</b>	<b>5,228</b>

### 4. Stock Valuation – Balance Sheet Basis

The basis for the balance sheet valuation of the Council's housing stock is Existing Use Value – Social Housing (EUV – SH) as defined by the Royal Institution of Chartered Surveyors Appraisal and Valuation Manual. The EUV – SH is broadly based on the vacant possession value of the properties, adjusted to reflect the occupation by a secure tenant. The valuation was carried out by Bruton Knowles, Chartered Surveyors. The date of the valuation was as at March 2020.

The balance sheet value increases where new dwellings and properties are built or acquired and when capital works that improve or significantly enhance the value of the assets are carried out. The balance sheet value reduces when assets are sold and are written out of the accounts. Depreciation is charged on assets and this also reduced the balance sheet valuation.

Valuations for HRA assets are:

<b>31 March 2019</b>		<b>31 March 2020</b>
<b>£000</b>		<b>£000</b>
503,701	Dwellings (valued at EUV - SH)	510,105
5,112	Other Operational Land and Buildings (valued at MV - EU)	4,277
37	Vehicles, plant, furniture and equipment	40
56	Infrastructure	50
139	Community Assets (historic cost)	139
10,587	Assets under construction	6,452
<b>519,633</b>	<b>Total HRA Assets</b>	<b>521,062</b>

Other operational land and buildings are valued at open market value in existing use.

**5. Stock Valuation – Vacant Possession Value**

Valuation of dwelling stock at Vacant Possession Value within the HRA at March 2020 was £1.451 billion. The vacant possession value and the balance sheet value of dwellings within the HRA show the economic cost to Government of providing council housing at less than open market rent.

**6. Major Repairs Reserve (MRR)**

The MRR is a reserve established by the Government as part of the resources accounting system in the HRA. Movements in the MRR during the year were:

2018-19		2019-20
£000		£000
7,991	<b>Opening Balance at 1 April</b>	9,324
5,639	Depreciation transferred from the HRA	5,641
(4,395)	Capital Expenditure on HRA assets financed from the Major Repairs Reserve	(5,023)
9,235	<b>Closing Balance at 31 March</b>	9,942

**7. Capital Expenditure and Financing**

The table below shows the total amount of capital expenditure incurred in the year together with the resources that have been used to finance it. Where capital expenditure has not been financed in the year, it results in an increase in the Capital Financing Requirement.

2018-19		2019-20
£'000		£'000
197,024	Opening Capital Financing Requirement	197,024
	<u>Capital Investment</u>	
5,043	Council dwellings	7,173
4,192	Assets under construction	1,633
14	Intangible assets	15
-	Revenue Expenditure Funded from Capital under Statute	67
	<u>Sources of finance</u>	
-	Specific Capital Grants	-
(2,771)	Capital Receipts	(1,492)
(4,395)	Major Repairs Reserve	(5,023)
(2,083)	Other reserves	(2,373)
-	Voluntary revenue provision	-
<b>197,024</b>	<b>Closing Capital Financing Requirement</b>	<b>197,024</b>

Total capital receipts from disposals of land, houses and other property within the HRA during the financial year amounted to £3.7 million, before making any payments to Government on sales of houses under Right to Buy.

**8. Depreciation**

The charges for depreciation for the houses and other property within the HRA for the year are as follows:



<b>2018-19</b>		<b>2019-20</b>
<b>£000</b>		<b>£000</b>
5,539	Dwellings	5,543
108	Other Operational Land and Buildings	96
5	Vehicles, plant, furniture and equipment	6
7	Infrastructure	7
<b>5,659</b>	<b>Total HRA Assets</b>	<b>5,653</b>

The depreciation amount has been calculated by the straight-line method in line with the Council's policies for PP&E (see note XX).

**9. Contributions to/from the Pensions Reserve**

The HRA share of the contributions to the Pensions reserve is as follows:

<b>2018-19</b>		<b>2019-20</b>
<b>£000</b>		<b>£000</b>
474	Reversal of items relating to retirement benefits debited to the HRA	708
(53)	Employer's pensions contributions and direct payments to pensioners payable in the year	102
<b>421</b>	<b>Contribution to the Pensions Reserve</b>	<b>810</b>

## Collection Fund

The Collection fund is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers and distribution to local authorities, and the Government of Council Tax and Business Rates.

2018-19 £000	2018-19 £000		2019-20 £000	2019-20 £000
Council Tax	Business Rates		Council Tax	Business Rates
		<b>INCOME</b>		
	90,124	Income from Business Ratepayers - Note 2		90,517
104,324		Council Taxes	110,273	
		<b>Distribution of prior year estimated deficit:</b>		
	66	Central Government		493
267	13	Surrey County Council	621	99
45		Surrey Police & Crime Commissioner	104	
38	53	Guildford Borough Council	86	395
<b>104,674</b>	<b>90,256</b>	<b>Total Income</b>	<b>111,084</b>	<b>91,504</b>
		<b>EXPENDITURE</b>		
		<b>Precepts</b>		
80,584		Surrey County Council	82,552	
13,508		Surrey Police and Crime Commissioner	14,799	
11,157		Guildford Borough Council	11,499	
		<b>Payment of Business Rates shares:</b>		
		Central Government		43,677
	61,038	Surrey County Council		8,735
	26,159	Guildford Borough Council		34,941
	(1,521)	Transitional Protection payments		(101)
	231	Charge to General Fund for collecting NDR		227
(110)		Provision for council tax bad debts	353	
	65	Provision for business rates bad debts		857
	(4,080)	Provision for business rates appeals		1,491
		<b>Distribution of prior year estimated surplus:</b>		
		Central Government		
834		Surrey County Council		
145		Surrey Police and Crime Commissioner		
121		Guildford Borough Council		
<b>106,239</b>	<b>81,892</b>	<b>Total Expenditure</b>	<b>109,203</b>	<b>89,827</b>
		<b>COLLECTION FUND BALANCE</b>		
(815)	5,585	Balance at the beginning of the year	(1,178)	(3,740)
(465)	8,364	Surplus/(deficit) for the year	1,881	1,677
<b>(1,280)</b>	<b>13,949</b>	<b>Balance at the end of the year</b>	<b>703</b>	<b>(2,063)</b>

### Notes To The Collection Fund

#### 1. General

These accounts represent the transactions of the Collection Fund, which is a statutory fund separate from the main accounts of the Council. The accounts are prepared on an accruals basis, and they are consolidated with the other accounts of the Council on an agency basis.

The overall balance on Fund as at 31 March 2020 was a deficit of £3.548 million, made up of a Council Tax deficit of £1.881 million and a deficit in relation to business rates of £1.677 million.

The year-end Collection Fund surplus in relation to council tax is distributed between billing (the Council) and precepting (Surrey County Council and Surrey Police and Crime Commissioner) authorities on the basis of estimates of the year-end balance made on 15 January.

The year-end Collection Fund deficit in relation to business rates is distributed between billing and precepting (central government and Surrey County Council) authorities on the basis of year-end estimates made on 31 January.

**2. Income from Business Rates**

The Council collects business rates for its area. These rates are based on local rateable values (£225,064,580 as at 29 March 2019) multiplied by a uniform rate (49.3p standard and 48.0p small business rate in 2018-19). Local authorities retain a proportion of the total collectable rates due. For Guildford in 2018-19, this share is 30%. The remainder in 2018-19 is retained by Surrey County Council (70%).

**3. Income from Council Tax**

The Council's tax base, that is the number of chargeable dwellings in each valuation band (adjusted for dwellings where discounts apply) converted to an equivalent number of band D dwellings, was calculated as follows:

Band	Estimated number of taxable properties after effect of discounts	Ratio	Band D equivalent dwellings
Dis A	2.5	5/9	1.4
A	668.84	6/9	445.9
B	2,061.02	7/9	1,603.00
C	8,942.72	8/9	7,949.10
D	13,449.31	9/9	13,449.30
E	8,965.68	11/9	10,958.10
F	6,076.00	13/9	8,776.40
G	7,015.70	15/9	11,692.80
H	1,673.46	18/9	3,346.90
	<b>48,855.23</b>		<b>58,222.93</b>
Plus adjustment for MoD properties and collection rates offset by anticipated changes during the year for successful appeals against valuation banding, new properties, demolitions, disabled person's relief, exempt properties and the Local Council Tax Scheme			423.30
			<b>58,646.23</b>

**4. Collection Fund Provisions**

The movement of the council tax bad debt provision during the year was as follows:

2017-18		2018-19
£'000		£'000
1,303	Balance at 1 April	1,595
192	Transfer (to) / from revenue	(110)
100	(Write offs)/write backs	66
<b>1,595</b>	Balance at 31 March	<b>1,551</b>

The movement on the business rates bad debt provision was as follows:

Agenda item number: 4

Appendix 1

<b>2017-18</b>		<b>2018-19</b>
<b>£'000</b>		<b>£'000</b>
900	Balance at 1 April	1,128
386	Transfer from revenue	65
(158)	Write offs	(45)
<b>1,128</b>	<b>Balance at 31 March</b>	<b>1,148</b>

The movement on the business rates appeals provision was as follows:

<b>2017-18</b>		<b>2018-19</b>
<b>£'000</b>		<b>£'000</b>
8,185	Balance at 1 April	15,005
12,000	Transfer from revenue	(4,080)
(5,180)	RV list amendments	(2,488)
<b>15,005</b>	<b>Balance at 31 March</b>	<b>8,437</b>

## **Annual Governance Statement 2019-20**

### **1. SCOPE OF RESPONSIBILITY**

TO FOLLOW

## Glossary

**Accrual** – the recording of income and expenditure when it becomes due rather than when the cash is paid or received.

**Accruals basis** – accounting for income or expenditure when it becomes due rather than when the cash is paid out or received.

**Appropriations** – amounts transferred to or from revenue or capital reserves.

**Balance Sheet** – a statement which shows the value of the Council's assets and liabilities on a specific day. The final accounts show the value of the assets and liabilities as at 31 March.

**Business Rates Retention Scheme** – introduced by the Government in April 2013, the scheme means that each council retains some of the business rates generated in its area. The Government still controls the rateable value of the properties and the rate in the pound to be paid.

**Capital commitment** – a commitment to make a capital payment under a contract.

**Capital expenditure** – expenditure to purchase or construct a fixed asset, or expenditure adding to the value of an existing fixed asset. Expenditure that does not enhance an asset, such as repairs and maintenance expenditure, is not capital expenditure.

**Capital Financing Requirement (CFR)** - the monies required to finance capital expenditure.

**Capital Receipt** – relates to the money from the sale of a fixed asset. Capital receipts can only be used to pay for new capital expenditure or to repay outstanding loans. Capital receipts cannot be used to finance revenue expenditure.

**Cash Equivalents** – these are short term, highly liquid investments that are readily convertible into cash. They are subject to an insignificant risk of a change in value.

**Cash Flow Statement** – this shows the movement in cash and cash equivalents in the year.

**Chartered Institute of Public Finance and Accountancy (CIPFA)** – this is the professional organisation for accountants working in the public sector.

**Code (The)** – the Code of Practice on Local Authority Accounting in the United Kingdom. This is the code produced by CIPFA/LASAAC that sets out how councils should show transactions in their accounts and the format of the accounts.

**Collection Fund Revenue Account** – this shows the transactions relating to national non-domestic rates (NNDR) and council tax. This fund shows on whose behalf Guildford Borough Council collects the amounts due and how these monies are distributed.

**Comprehensive Income and Expenditure Statement** – this shows all the income and expenditure in the year.

**Contingency** – an amount of money set aside for unforeseen items of expenditure.

**Depreciation** – a reduction in the balance sheet value of a fixed asset due to either wearing out, consumption, or other reduction in its useful economic life, whether arising from use, passage of time or obsolescence, through technological or other changes.

**Earmarked Reserve** – money set aside for future use on a specific area of expenditure.

**Financial Asset** – a right to future economic benefits controlled by the Council.

**Financial Liability** – an obligation to transfer economic benefits controlled by the Council.

**Financial Instrument** – a contract that gives rise to a financial asset of one entity and a financial liability or equity investment of another entity.

**Financial Year** – the year that the accounts relate to. The financial year starts on 1 April and ends on 31 March the following year.

**General Fund (GF)** – the Council's main revenue fund credited with charges, grants etc. and to which the costs of services are charged. However, separate accounts are maintained for other aspects of council activities, particularly the Collection Fund.

**Heritage Assets** – assets which are held and maintained principally for their contribution to knowledge and culture. These include monuments such as Guildford Castle, civic regalia at the Guildhall, the art collection at Guildford House Gallery, sculptures and artwork around the Borough and the museum collection at Guildford Museum.

**Housing Revenue Account (HRA)** – an account used to record the income and expenditure related to council housing. The Housing Revenue Account is ring-fenced from the rest of the General Fund. This is to ensure that the expenditure on managing tenancies and maintaining council houses is funded by rents charged to council tenants.

**Housing Revenue Account Income and Expenditure Statement** – this shows the income and expenditure relating to the provision of council housing.

**Impairment** – a reduction in the balance sheet value of a fixed asset.

**International Accounting Standard (IAS)** – these are the international accounting standards which state how balances, transactions and other events must be calculated and shown in the accounts.

**International Financial Reporting Standards (IFRS)** - these are the international financial reporting standards which state how balances, transactions and other events must be calculated and shown in the accounts.

**Internal Borrowing** – Internal borrowing occurs when rather than raising external borrowing to pay for capital expenditure, the Council uses cash, which would otherwise be externally invested.

**Investment** – a long-term investment is an investment held for use on a continuing basis in the activities of the Council for 365 days or more. A short-term investment relates to the investment of surplus funds for 364 days or fewer.

**Investment Property** – a property that is used to earn rental income.

**LASAAC** – Local Authority (Scotland) Accounts Advisory Committee.

**Lease** – a lease is a contract for the hire of a specified asset. The lessor owns the asset but transfers the right to use the asset to the lessee for an agreed period in return for the payment of specified rentals. A **finance lease** transfers all the risks and rewards of

Agenda item number: 4

Appendix 1

ownership, such as the cost of repairs and maintenance, to the lessee. All other leases are classified as **operating leases**.

**Lessee** – an organisation to whom a lease is granted.

**Lessor** – the owner of an asset who leases it to a third party

**Local Council Tax Support Scheme (LCTSS)** - introduced by the Government in April 2013. Under the LCTSS, council tax payers who previously received a benefit payment, now receive a discounted council tax bill instead.

**Long term** – a term of 365 days or more.

**Minimum Revenue Provision (MRP)** – the minimum amount which must be charged each year to the Council's General Fund revenue account and set aside as provision for credit liabilities. There is no MRP requirement for the Housing Revenue Account (HRA).

**Movement In Reserves Statement (MIRS)** – this shows the movement in the year on the different reserves held by the Council.

**Out-turn** – actual income and expenditure.

**PPE** – Property, Plant and Equipment i.e. tangible assets that are held for use in the production or supply of goods and services, for rental to others, or for administrative purposes, and expected to be used for at least part of the succeeding financial year.

**Precept** – a charge levied by a council. Precepts are levied by Guildford Borough Council, Surrey County Council, Parish Councils and the Surrey Police and Crime Commissioner.

**Provision** – an amount, set aside in the accounts, for likely liabilities incurred but where the amounts or dates on which they will arise are uncertain.

**Prudential Code** – a code produced by CIPFA that Councils are required to follow when deciding upon their programme for capital expenditure.

**Revenue expenditure** – the day-to-day costs incurred by the Council. This is distinct from capital expenditure.

**Right to Buy** – the right of council tenants to buy their council houses at a discount.

**S106 income** – money received from planning obligations under Section 106 of the Town and Country Planning Act 1990 (as amended).

**Short term** – a term of 364 days or fewer.

**Straight line basis** – depreciation that is charged on a straight line basis is charged in equal amounts for each year of the useful economic life of the fixed asset.

**Trade payables** – amounts owed to third parties when goods or services have been received but not yet paid for

**Trade receivables** – amounts due from third parties where goods or services have been supplied

**Unapplied capital receipts** – capital receipts which have not been used.



**Usable reserves** – those that the Council can use to finance expenditure or reduce local taxation.

**Unusable reserves** – these cannot be used to finance expenditure or reduce local taxation. These include reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts only become available if the assets are sold; and reserves that hold timing differences.

**Vacant Possession Adjustment Factor** - a vacant possession adjustment factor of 32% means that the Council values its council houses at 32% of their open market value in the Balance Sheet. The percentages used are set by central government. The vacant possession adjustment factor is used to reflect that a council owned property has a lower open market value when it is occupied by a tenant.

This page is intentionally left blank

Corporate Governance and Standards Report

Ward(s) affected: All

Report of Director of Resources

Author: Vicky Worsfold

Tel: 01483 444834

Email: Victoria.worsfold@guildford.gov.uk

Lead Councillor responsible: Councillor Tim Anderson

Tel: 07710 328560

Email: tim.anderson@guildford.gov.uk

Date: 26 November 2020

## Financial Monitoring 2020-21

### Executive Summary

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

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

Covid-19 continues to impact the Council in several ways including the inability to maintain income levels at those budgeted for in February 2020. The direct expenditure incurred by the Council in the current financial year stands at £948,881 with support received from the Government of £1,954,748. The Government support will contribute to both the direct and indirect costs of the Covid-19 pandemic.

The indirect costs of Covid-19 are reflected in the services forecasting. As the pandemic continues, estimates for losses in income and increased costs have been made with the best information available, these are subject to change as the year progresses. This Report considers the expenditure and income forecasted up to 30 September (before the second lockdown occurred) and will therefore potentially move adversely as the second lockdown progresses.

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 have since announced further support for local authorities and figures will be updated to reflect this support once the detail has been received.

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.

A surplus on the Housing Revenue Account will enable a projected transfer of £8.53

million to the new build reserve and £2.5 million to the reserve for future capital at year-end. The transfer is projected to be £97,384 higher than budgeted assumption and reflects modest variations in repair and maintenance expenditure and staffing costs.

Progress against significant capital projects on the approved programme as outlined in section 7 are underway. The Council expects to spend £97.896 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 £74.456 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 £143 million of investments and £276 million of external borrowing on 30 September 2020, which includes £192.5 million of HRA loans. Officers confirm that the Council has complied with its Prudential indicators in the period, which were set in February 2020 as part of the Council's Capital Strategy.

### **Recommendation to Corporate Governance and Standards Committee**

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

#### Reason(s) for Recommendation:

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

## **1. Purpose of Report**

- 1.1 Recommendation 8 of the 2015 Council Governance Review was: 'That the importance of the Corporate Governance and Standards Committee to the Council be recognised, particularly in the way in which it supports the overview and scrutiny function through ongoing scrutiny of financial matters, including its proposed expanded remit on the treasury management function and budget monitoring.'
- 1.2 This Committee started its enhanced review of our financial management at its meeting on 24 September 2015. This report covers the period April to September 2020.

## **2. Strategic Priorities**

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

### 3 Background

- 3.1 The Council undertakes regular financial monitoring in the following ways:
- a. reporting the General Fund and Housing Revenue Account position on a bimonthly basis [periods 2, 4, 6, 8 and 10]. This report covers the period to September 2020 [period 6].
  - 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 the general fund revenue account of £6,806,000 in most cases this is a result of the impact of Covid-19.
- 4.2 The direct costs associated with the Covid-19 pandemic in the current financial are £948,881 offset by Government grant of £1,954,748 and these are included in the forecast for the Resources Directorate. The breakdown of the direct costs to date are shown in the table below along with an estimated forecast for the year. These figures exclude any impact the second national lockdown will have and are expected to worsen.

Description	Actual £	Forecast £
<b>Housing</b>		<b>764,000</b>
Emergency Accommodation	175,045	
<b>Culture</b>		<b>3,424,000</b>
Leisure costs	341,461	
<b>Finance &amp; Corporate</b>		<b>66,000</b>
Finance/Computer Software	29,479	
<b>Other shielding</b>		<b>344,000</b>
Food Purchases	197,886	
<b>Other PPE</b>		<b>529,000</b>
Staffing costs (incl. Marshalls)	88,121	

Consumables	91,873	
Equipment	20,232	
<b>Other – excluding service areas</b>		<b>285,000</b>
Grants and Subscriptions	37,964	
Other	4,784	
<b>Gross Expenditure</b>	<b>948,881</b>	<b>5,412,000</b>
Government Grant	(1,954,748)	(2,100,000)
<b>Net Expenditure</b>	<b>(1,005,867)</b>	<b>3,312,000</b>

- 4.3 Estimates have been made for increased costs and lower than expected income within services with the best information available, these estimates will be continue to be monitored closely as the year progresses, and as further information becomes available.
- 4.4 The estimates contained within the report relate to the period from April to the end of September and therefore does not consider the costs and implications of the second lockdown. This again will be closely monitored but it 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 six 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 is £6, 806,000 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
<b>TOTAL</b>				<b>30,000</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 referred to in paragraph 4.1.

Service	Explanation	Variance
<b>Arts Development</b>	Salary savings.	<b>(22,361)</b>
<b>Business Forum</b>	A carry forward request relating to a grant and associated loan to a local business for £40,000 has been included in the forecast but is not currently in the budget	<b>42,380</b>
<b>Civic Expenses</b>	Salary savings and borough promotional cost savings due to event cancellations because of Covid-19.	<b>(46,209)</b>
<b>Climate Change</b>	Salary savings.	<b>(40,361)</b>
<b>About Guildford</b>	Savings in advertising and promotion	<b>(43,233)</b>
<b>Community Safety</b>	Savings in staffing	<b>(40,055)</b>
<b>Council &amp; Committee Support</b>	Paperless meetings, together with remotely held meetings are estimated to deliver savings. Redundancy costs have been incurred. The forecast recharge to the HRA has been reduced.	<b>76,115</b>
<b>Corporate Programmes</b>	Planned and reactive repairs expected to be under budget now by £350,000.	<b>(354,440)</b>
<b>Electoral Registration</b>	Forecast savings in individual electoral registration fees.	<b>(62,875)</b>
<b>Industrial Estates</b>	Business rates and void costs over budget. Carry forward for consultancy not yet added to budget. Rents and service charges over budget.	<b>214,809</b>
<b>Investment Property</b>	Void property business rates offset by savings in recharged salaries and insurance. Rental income reduced by £38,000.	<b>73,438</b>
<b>Leisure Management Contract</b>	Income budgets have been affected by the Covid-19 with less income off set by less expenditure.	<b>1,149,213</b>

<b>Other Property</b>	Carry forward not yet added to budget. Rental income below budget. Uncontrollable expenditure over budget due to depreciation and asset development.	<b>161,787</b>
<b>Town Centre Management</b>	North Street market was free of charge for the first three months of the financial year and sponsorship and advertising income will not be met	<b>211,664</b>
<b>Affordable Housing</b>	Cost of expensive agency staff member covering vacant posts.	<b>44,235</b>
<b>Building Control</b>	Agency and consultant costs. Income under budget by £100,000	<b>126,152</b>
<b>Building Maintenance</b>	Only emergency repairs possible, resulting in lower income. Materials and contractor costs are lower than budget as a result of the reduced activity.	<b>32,845</b>
<b>Traveller Caravan Sites</b>	Surrey wide traveller site survey £25,000 to be funded from reserves. Higher water charges of £15,000.	<b>29,700</b>
<b>Crematorium</b>	Temporary staff carry forward for fixed plant machinery maintenance not yet loaded. No abatement scheme income in 2020-21	<b>48,546</b>
<b>Council Tax</b>	Due to Covid-19 recovery action is being deferred; it is expected that income from recovery of costs will reduce by £190,000.	<b>185,739</b>
<b>Day Services</b>	£125,000 of budgeted salary savings delayed. Additional overtime and agency costs to cover vacancies. Reductions in catering, events costs and income from sales of £86,000 due to the closure of the centres.	<b>251,323</b>
<b>Development Control</b>	Carry forward not yet loaded will offset salary overspend. Temporary staff will have left as Phase B finalised. Planning appeals currently over budget. Income under budget	<b>294,141</b>
<b>Digital Services</b>	Budget virement for salaries excluded in error- corresponding underspend in Public Relations	<b>45,722</b>
<b>EMI Services</b>	Budgeted salary savings delayed. Additional overtime and agency costs and reduction in income.	<b>139,744</b>
<b>Engineering and Transportation</b>	There are salary savings due to vacancies and the support service recharge won't be met consequently	<b>(87,100)</b>
<b>Environmental Health</b>		<b>82,641</b>



<b>Family Support</b>	Increase in grant income from SCC will increase by £247,000 to reflect the transfer of the service from Waverley BC.	<b>(165,958)</b>
<b>Guildford House</b>	Salary savings due to vacancies. Supplies and services and income less than budgeted due to Covid related closure.	<b>(60,320)</b>
<b>Housing Benefits</b>	Additional grant funding from central government	<b>(63,821)</b>
<b>Homelessness Support</b>	Income received from DCLG in respect of Flexible Homelessness Support Grant £150,235 and Homelessness Prevention Grant £336,252 will be used to support additional expenditure.	<b>(287,824)</b>
<b>Land Charges</b>	Shortfall of income of £77,000	<b>57,598</b>
<b>Leisure Play</b>	As a result of Covid-19 casual staffing levels are expected to be lower along with costs relating to the hire of premises.	<b>(71,577)</b>
<b>Leisure Rangers</b>	As a result of Covid-19 casual staffing levels are expected to be lower along with costs relating to the hire of premises.	<b>(43,132)</b>
<b>Licensing</b>	Income down as a result of Covid-19	<b>47,989</b>
<b>Major projects</b>	Employee costs less than the revenue budget. The allocation between revenue and capital will be revised at each monitoring period. There are unbudgeted agency costs of £147,772. Consultants costs of £1,436,362 will be funded from reserves.	<b>1,514,873</b>
<b>MOT Bay</b>	Reduction in staffing and reduced income	<b>44,224</b>
<b>Community Meals &amp; Transport</b>	Net salary saving due to vacancies. Additional cost of food purchases £15,000 offset by additional income of £97,000 due to an increase in the sale of meals due to COV1d 19.	<b>(97,894)</b>
<b>Guildford Museum</b>	Lower casual requirement. Carry forward of £70,000 and £13,000 for consultancy and accreditation not yet loaded. Income under budget due to closure	<b>92,938</b>
<b>Off-street Parking</b>	Salary savings due to vacancies. Works funded from CPMR will be £327,020 (the budget as loaded is £190,000). Savings in supplies and services. Income shortfall is significant with no restrictions in off-street parking for the first three months of the financial year.	<b>5,112,831</b>
<b>On street Parking</b>	Salary savings due to vacancies. SCC payment under agency greatly reduced with net expenditure projected for Guildford on street. £23,810 funded from CPMR for electric charging points.	<b>480,786</b>

<b>Parks &amp; Countryside</b>	Salary savings due to vacancies. Carry forwards not yet loaded. No contributions to festivals which will result in a saving of £20,000. £80,000 Stoke Park master plan funded from reserve. Income less than budgeted.	<b>316,647</b>
<b>Park &amp; Ride</b>	The contribution to Spectrum P & R weekend service will increase as bus operator income falls.	<b>22,474</b>
<b>Policy, Community &amp; Events</b>	Salary savings due to vacancies. Only £25,000 of CIL carry forward to be spent and IDP carry forward will not be spent. Savings in consultant costs, printing and inspectors' fees. Grants of £30,000 expected for neighbourhood plans.	<b>(315,543)</b>
<b>Private Sector Housing</b>	Income falling short on services provided to clients as a result of Covid-19	<b>28,681</b>
<b>Refuse &amp; Recycling</b>	Additional costs due to agency staff. Vehicle hire costs are will be over budget. Trade refuse disposal charges and refuse sack sales are less than budget but so is the corresponding income. Educational promotion and publicity budgets will not be spent. Garden waste income will exceed budget. Cardboard recycling income will not achieve budget.	<b>244,580</b>
<b>River Control</b>	Recharges are greater than budgeted due to the collapse of the weir at Millmead.	<b>32,032</b>
<b>SPA Sites</b>	Receipts are greater than budgeted with net income transferred to reserve at year end	<b>(137,958)</b>
<b>Street Cleaning</b>	Salary savings due to vacancies. Increased hire of vehicle costs.	<b>(289,400)</b>
<b>Taxi Licensing</b>	Income is expected to be down as a result of Covi-19 with reduced income expected from vehicle applications and renewals.	<b>60,644</b>
<b>TIC</b>	Projected income shortfall due to closure.	<b>30,901</b>
<b>Vehicle Maintenance</b>	There is a redundancy cost in this service which represents the variance to budget	<b>26,926</b>
<b>Waste &amp; Fleet business development</b>	Vehicle hire costs are over budget- Trade disposal charges and sack sales are below budget but so is income. Garden waste income will exceed budget by £200,000	<b>163,228</b>
<b>Woking Road Depot</b>	Salary savings due to vacancy	<b>(48,607)</b>
<b>Woking Road Depot Stores</b>	Salary costs	<b>(40,088)</b>
<b>Corporate Financial &amp; Feasibility Studies</b>	Increased costs of brokerage commission against budget.	<b>64,404</b>
<b>Resources caseworker</b>	Staffing and agency costs	<b>216,433</b>

<b>Corporate Services</b>	increase to reflect potential short-term borrowing	<b>437,624</b>
<b>Lead Specialist - Finance</b>	Increases in the costs of agency staffing.	<b>115,809</b>
<b>Lead Specialist - HR</b>	Increases due, in the main, to staffing and medical costs along with increases in insurance premiums.	<b>52,948</b>
<b>Lead Specialist - ICT</b>	Higher staffing costs and standby payment.	<b>271,959</b>
<b>Lead Specialist - Legal</b>	Salary savings although car leasing costs exceed budget by £11,000. The shortfall in income is due to a likely pause on developments resulting from Covid-19 on s106 income £40,000 and lower recharge of legal fees £50,000.	<b>(94,442)</b>
<b>Miscellaneous Expenses</b>	Includes the estimated additional costs and Government support to be received for Covid-19 first wave.	<b>(2,650,670)</b>
<b>Other Employment</b>	Additional staffing costs.	<b>38,297</b>
<b>Unallocatable central overheads</b>	Reflects the reduction of future years pension payments previously included.	<b>(1,864,750)</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.

<b>Reserve</b>	<b>Variance (£000)</b>	<b>Explanation</b>
Budget Pressure	120	Section 81 Environmental Act spending
Carry Forward Items	(112)	Infrastructure development planning and major projects spending unlikely to be used.
Car Park Maintenance	522	Multi Storey Car Parks repair and maintenance
IT Renewals	926	IT expenditure offset by revenue contributions.
On Street Parking	(260)	Income predictions lower as a result of Covid-19.
Invest to Save	220	Future Guildford expenditure
New Homes Bonus	70	Development of Leisure bid and Stoke Park master planning.
Energy Management	(42)	Contributions from revenue
Business Rates Equalisation	30	Deferred loan agreement
Other Reserves	(1,047)	Changes to SPA's, Refugee expenditure not budgeted, Unspent ringfenced grants taken to reserves, Family Support Programme higher grant received.
Net movement	428	

## 5 Housing Revenue Account

- 5.1 **Appendix 3** shows the budget monitoring report for the Housing Revenue Account (HRA) for the period April 2020 to September 2020. The report shows that HRA gross service expenditure, projected outturn is 102.56% of the budgeted level, whilst income is projected to be 100.03% of the budgeted level. The projected outturn would enable a transfer of around £11.03 million to the new build reserve and the reserve for future capital 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.

HOUSING REVENUE ACCOUNT SUMMARY - BUDGET MONITOR (APRIL 2020- SEPTEMBER 2020)				APPENDIX 3	
2018-19	2019-20	Analysis	2020-21	2020-21	
Actual	Actual		Estimate	Projection	
£	£	Borough Housing Services	£	£	
738,104	793,019	Income Collection	689,870	701,138	
1,036,217	1,164,320	Tenants Services	889,510	934,365	

81,030	122,998	Tenant Participation	148,900	139,030
69,865	107,717	Garage Management	101,710	97,576
59,064	41,744	Elderly Persons Dwellings	75,280	73,729
584,036	575,851	Flats Communal Services	513,530	594,784
423,867	414,254	Environmental Works to Estates	444,460	440,293
5,676,678	6,265,983	Responsive & Planned Maintenance	5,869,138	6,158,020
121,665	137,128	SOCH & Equity Share Administration	139,820	142,172
<b>8,790,527</b>	<b>9,623,015</b>		<b>8,872,218</b>	<b>9,281,107</b>
		<b>Strategic Housing Services</b>		
419,543	485,497	Advice, Registers & Tenant Selection	366,800	350,607
217,026	201,203	Void Property Management & Lettings	212,290	181,426
9,700	5,120	Homelessness Hostels	5,120	5,070
155,194	175,717	Supported Housing Management	160,730	159,669
426,311	527,717	Strategic Support to the HRA	382,440	393,804
<b>1,227,774</b>	<b>1,395,255</b>		<b>1,127,380</b>	<b>1,090,575</b>
		<b>Community Services</b>		
938,878	883,927	Sheltered Housing	915,270	954,754
		<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	148,125
343,578	36,359	Other Items	402,380	423,565
<b>17,057,407</b>	<b>22,799,267</b>	<b>Total Expenditure</b>	<b>16,992,248</b>	<b>17,426,857</b>
(31,991,396)	(32,532,978)	Income	(32,792,262)	(32,907,117)
<b>(14,933,989)</b>	<b>(9,733,711)</b>	<b>Net Cost of Services (per inc &amp; exp a/c)</b>	<b>(15,800,014)</b>	<b>(15,480,260)</b>
258,720	251,530	HRA share of CDC	256,800	251,530
(14,675,269)	(9,482,181)	Net Cost of HRA Services	(15,543,214)	(15,228,730)
(456,206)	(598,260)	Investment Income	(598,260)	(598,260)
5,159,240	5,131,995	Interest Payable	5,142,230	5,142,230
<b>(9,972,235)</b>	<b>(4,948,446)</b>	<b>Deficit for Year on HRA Services</b>	<b>(10,999,244)</b>	<b>(10,684,760)</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	8,530,888
(421,229)	0	Tfr (fr) to Pensions Reserve	0	0
0	0	Tfr (from)/to CAA re: Voluntary Revenue Provision	0	0
76,058	0	Tfr (from)/to CAA re: Revaluation	0	0
0	0	Tfr (from)/to CAA re: REFCUS	0	0

(30,543)	0	Tfr (from)/to CAA re: Intangible assets	0	0
(1,750)	0	Tfr (from)/to CAA re: rev. inc. from sale of asset	0	0
0	6,150,360	HRA Balance	9,260	421,128
(2,500,000)	(2,500,000)	Balance Brought Forward	(2,500,000)	(2,500,000)
(2,500,000)	3,650,360	Balance Carried Forward	(2,490,740)	(2,078,872)
<b>2018-19</b>	<b>2019-20</b>	<b>Analysis</b>	<b>2019-20</b>	<b>2019-20</b>
<b>Actual</b>	<b>Projection</b>		<b>Estimate</b>	<b>Projection</b>
£	£	Borough Housing Services	£	£
(29,236,342)	(29,570,473)	Rent Income - Dwellings	(29,977,443)	(29,979,995)
(208,349)	(208,349)	Rent Income - Rosebery Hsg Assoc	(208,350)	(286,024)
(206,530)	(225,551)	Rents - Shops, Buildings etc	(224,650)	(224,660)
(718,083)	(753,058)	Rents - Garages	(759,744)	(759,740)
<b>(30,369,304)</b>	<b>(30,757,431)</b>	<b>Total Rent Income</b>	<b>(31,170,187)</b>	<b>(31,250,419)</b>
(140,122)	(113,577)	Supporting People Grant	(107,870)	(107,870)
(1,023,033)	(1,098,353)	Service Charges	(1,102,650)	(1,112,730)
(9,144)	(15,339)	Legal Fees Recovered	(28,840)	0
(51,614)	(53,277)	Service Charges Recovered	(55,000)	(225,121)
(398,179)	(495,001)	Miscellaneous Income	(327,715)	(89,670)
<b>(31,991,396)</b>	<b>(32,532,978)</b>	<b>Total Income</b>	<b>(32,792,262)</b>	<b>(32,785,811)</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 6.

Loan type	Balance 31 July 20 £000	New loans £000	Loans repaid £000	Balance 30 Sep 20 £000	Weighted average rate of interest
<b>PWLB</b>					3.25%
Variable	45,000	0	0	45,000	
Fixed	147,435	0	0	147,435	
Maturity					
EIP	230	0	(115)	115	
<b>Total long-term Loans</b>	<b>192,665</b>	<b>0</b>	<b>(115)</b>	<b>192,550</b>	
Temporary Loans	82,500	7,000	(6,000)	83,500	0.50%
<b>Total Loans</b>	<b>275,165</b>	<b>7,000</b>	<b>(6,115)</b>	<b>276,050</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 30 September 2020 available for investment were £141 million and net of short-term borrowing £57.5 million.
- 6.6 The Council's budgeted, and projection of external interest cost, which relates to short and long-term borrowing, for the year is £0.6 million.
- 6.7 The original net interest receivable budget was £1,172,935. As at the 30 September, 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 September 2020 was 0.86% against an estimate of 2.17%. This is because interest rates have fallen significantly because of COVID-19 and are projected to stay very low for a long time.
- 6.9 The table below summarises the Council's investment activity for July to September 2020.

Investment	Principal invested £000	Balance 31 July 20 £000	Movement in investment £000	Change in capital value £000	Balance 30 Sep 20 £000	Weighted average rate of interest
<b>Investment Funds</b>						
CCLA	5,000	6,233	18	10	6,243	1.88%
M&G	2,508	2,865	21	125	2,991	2.84%
Royal London	2,500	2,327	(6)	1	2,328	0.10%
Schroders	1,000	572	(41)	(28)	544	4.52%
Funding Circle	490	496	(3)	(0)	496	1.85%
Fundamentum	2,000	1,960	0	(20)	1,940	0.65%
UBS	2,500	2,195	(71)	(59)	2,136	2.31%
<b>In- House Investments:</b>						
Call Accounts		432	-432		0	0.14%
Money Market Funds		39,259	16,517		55,776	0.22%
Notice Accounts		3,000	0		3,000	0.48%
Temporary Fixed Deposits		32,000	(6,000)		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	0		5,000	1.70%
<b>Total Investments</b>		<b>132,940</b>	<b>10,005</b>	<b>28</b>	<b>143,054</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 £275 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 2019/20
- 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 paragraph 7.3 to 7.11

<b>CAPITAL EXPENDITURE SUMMARY</b>	<b>2020-21 Approved £000</b>	<b>2020-21 Revised £000</b>	<b>2020-21 Outturn £000</b>	<b>2020-21 Variance £000</b>
<b>General Fund Capital Expenditure</b>				
- Main Programme	65,188	87,776	70,701	(17,075)
- Provisional schemes	102,356	85,383	20,762	(64,621)
- Schemes funded by reserves	3,984	8,402	6,314	(2,088)
- S106 Projects	0	119	119	0
- Affordable Housing (General Fund)	0	0	0	0
<b>Total Expenditure</b>	<b>171,528</b>	<b>181,680</b>	<b>97,896</b>	<b>(83,784)</b>
<b>Housing Revenue Account Capital Expenditure</b>				
Approved programme	11,468	13,716	13,716	(1)
Provisional programme	12,457	13,245	250	(12,995)
<b>Total Expenditure</b>	<b>23,925</b>	<b>26,961</b>	<b>13,966</b>	<b>(12,996)</b>

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

7.3 Expenditure is expected to be £70.701 million representing a £17.075 million variance to the revised estimate of £87.776 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 £7.739 million may seem low, several significant projects are in progress. These include:

- OP6 – Vehicles, Plant & Equipment Replacement (£4.566m) – to include the replacement of refuse vehicles £3m and minibuses £820k.
- P5 – Walnut Bridge replacement (£3.414m) – works progressing timeframe for completion 12-18 months.
- P14 – Town Centre Approaches (£1m) – work is progressing.
- P21 – Ash Road Bridge (£2.257m) – work is progressing on this scheme with majority of budget still on provisional programme.
- ED6 – Slyfield area Regeneration Project (WUV) (£6.483m) and (New GBC Depot (£2.548m) - work is progressing on the detailed design, pre-planning and site investigation work for this scheme to inform the final business case.
- P12 – Strategic Property Acquisitions (£1.496m) - £625k potential new burial ground, £525k Foxs Garage, £107k Thornberry Way.
- North Downs Housing (£5.315m) and Guildford Holding Ltd (£3.543m) – target to purchase 25 properties this financial year, bringing total to 72.
- ED49 – Midleton Industrial Estate redevelopment (£3.755m) – work on design and planning is progressing with work on site to commence Jan 21 for phase 2/3.
- P16 – A331 Hotspots (£3.661m) – scheme is in discussion with SCC.
- FS1 – Capital Contingency Fund – (£5m)
- DF1 – Investment Property Acquisition – (£20m) moved from provisional Exec Sep 2020.

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

- Town Centre Gateway Regeneration (£3.473m) – spend now expected in 2021-22, report for this project to Executive on 21 July 2020.
- SMC (£1.658m) – spend of £1.453m expected in 2020-21 with the majority of spend now expected in 2021-22.
- ED25 – Guildford Park infrastructure works (£3.056m) – spend of £250k expected in 2020-21 the remaining £2.806m in 2021-22, this scheme is awaiting decision regarding progression of works and new planning approval. A significant amount of the cost of this project is still on the provisional capital programme awaiting final business case approval.
- ED18 - Museum (£1.464m) and ED52 Public Realm Scheme (£1.616m) – decision is pending as to the future of these projects.
- ED49 – Midleton Industrial Estate redevelopment (£3.7m) – work on design and planning is progressing with work on site to commence Jan 21 for phase 2/3 so part of spend now expected in 2021-22.

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

7.5 Expenditure on the provisional programme is expected to be £20.762 million, against the revised estimate of £85.383 million, representing a variance of £64.621 million. These projects are still at feasibility stage and will be subject to Executive approval of a business case before they are transferred to the

approved capital programme. It is only once the business case is approved that the capital works can start. Monitoring progress of these projects is key to identifying project timescales. The significant projects are:

- ED6(p) – Slyfield area Regeneration Project (WUV) (£9.698m)
- P12(p) – Strategic Property acquisitions (£9.942m)

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

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

- PL21(p) - Ash Road Bridge (£23.240m)
- ED48(p) – Westfield/Moorfield Road resurfacing (£3.152m)
- P11(p) – Guildford West (PB) Station (£1.7m)
- P14(p) – Guildford Gyratory and Approaches (£3.5m)
- ED18(p) – Museum (£16.810m) - decision is pending as to the future of this project.
- ED25(p) - Guildford Park new MSCP and infrastructure works (£4.38m)
- ED49(p) – Midleton Industrial Estate (£5.557m)

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

7.7 Capital schemes funded from s106 developer contributions are expected to total £119,000.

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

7.8 Capital schemes funded from the Council's specific reserves. The outturn is anticipated to be £6.341 million. The main projects are:

- expenditure on car parks £1.414 million
- ICT renewals and infrastructure improvements £1.376 million
- Future Guildford Implementation Team £2.6 million

### **Capital resources (Appendix 8)**

7.9 When the Council approved the budget, the estimated underlying need to borrow for 2020-21 was £125.596 million. The current estimated underlying need to borrow is £74.456 million. The reduction is due to slippage in the programme where schemes are re-profiled into future years.

### **Housing Investment Programme Approval Capital (Appendix 9)**

7.10 The HRA approved capital programme is expected to outturn at £13.716 million against a revised estimate of £13.716 million. Several projects are in progress. These include:

- Guildford Park - initial works are progressing, a significant amount of the cost of this project is still on the provisional capital programme awaiting final business case approval.
- Various small site projects – works are progressing.
- Acquisitions of Land and Buildings for development – dependant on availability of suitable sites.

### **Housing Investment Programme Provisional Capital (Appendix 10)**

7.11 The provisional programme revised estimate is £13.245 million with expenditure anticipated this financial year of £250 thousand. The reprofiling of schemes has resulted in a lower level of expenditure on 2020-21.

- Guildford Park - initial works are progressing, this scheme is awaiting decision regarding progression of works and new planning approval and awaiting final business case approval.

## **8 Consultations**

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

## **9 Equality and Diversity Implications**

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

## **10 Financial Implications**

10.1 The financial implications are contained throughout the report.

## **11 Legal Implications**

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

11.2 Proper administration is not statutorily defined; however, there is guidance, issued by 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 four months actual data. There are no specific recommendations and therefore no options to consider.

## **14 Conclusion**

- 13.1 The report summarises the financial monitoring position for the period April to September 2020 for the 2020-21 financial year.
- 13.2 Officers are currently projecting an increase in expenditure of £6,625,557 on the general fund revenue account.
- 13.3 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.
- 13.4 The surplus on the Housing Revenue Account will enable a transfer of £8.53 million to the new build reserve and £2.5 million to the reserve for future capital at year-end.
- 13.5 Actual expenditure incurred on our general fund capital programme for the period has been comparatively low against the programme envisaged at 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 £97.896 million on its capital schemes by the end of the financial year.
- 13.6 It is anticipated that the Council's underlying need to borrow to finance the capital programme will be £74.456 million by 31 March 2021. The Council has complied with Prudential Indicators during the period except for the upper limit on variable interest rates.
- 13.7 At the end of September 2020, the Council had £143 million of investment balances, and £276 million borrowing.

## **14 Background Papers**

- 14.1 None

**15 Appendices**

- Appendix 1 - General fund revenue account summary
- Appendix 2 - General fund services - revenue detail
- Appendix 3 - Housing Revenue Account summary
- Appendix 4 - Approved capital programme
- Appendix 5 - Provisional capital programme
- Appendix 6 - Schemes funded from S106
- Appendix 7 - Capital reserves
- Appendix 8 - Capital resources
- Appendix 9 - Housing Revenue Account approved capital programme
- Appendix 10- Housing Revenue Account provisional capital programme

Appendix 1

**Draft Actual GENERAL FUND SUMMARY**

**2019-20**  
£

**Original Latest Projected**  
**Estimate Estimate Outturn**  
**2020-21 2020-21 2020-21**  
£ £ £

0	Strategy Directorate	0	1,701,490	3,044,639
0	Services Directorate	0	16,052,850	23,569,449
0	Resources Directorate	0	7,726,620	4,323,561
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>25,480,960</b>	<b>30,937,649</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>16,667,130</b>	<b>22,123,819</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>18,201,916</b>	<b>25,253,048</b>
	<b>Transfers to and from reserves</b>			
	Capital Schemes reserve			
-893,630	Funding of Revenue Contribution to Capital Outlay	0	0	0
	<i>Contribution in year</i>			
-174,269	Budget Pressures reserve	0	0	-120,000
-2,103,206	Business Rates Equalisation reserve	-1,274,014	-1,274,013	-1,304,013
-469,494	Car Park Maintenance reserve	272,950	272,950	-275,884
-124,268	Election Costs reserve	62,500	62,500	62,500
-15,177	Insurance reserve	0	0	0
-538,252	IT Renewals reserve	542,710	542,710	-383,290
-1,721,421	Invest to Save reserve	-10,000	-10,000	-229,900
-36,904	New Homes Bonus reserve	351,019	351,019	281,019
31,563	Energy Management reserve	0	0	42,199
109,467	On Street Parking reserve	-260,070	-260,070	0
-5,495,884	Pensions reserve (Statutory)	0	0	0
-150,000	Recycling reserve	0	0	0
185,140	Spectrum reserve	188,843	188,843	188,843
-206,110	Carry Forward Items	0	-1,654,219	-1,430,953
3,234,252	Other reserves	-477,090	-477,090	666,977
<b>12,184,540</b>	<b>Total after transfers to and from reserves</b>	<b>17,598,769</b>	<b>15,944,546</b>	<b>22,750,546</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>47,064,750</b>	<b>53,870,750</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>48,805,750</b>	<b>55,611,750</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>10,279,635</b>	<b>17,085,635</b>
	<b>Projected (under)/over spend</b>			<b>6,806,000</b>
	<b>Movement in MRP and External Interest</b>			<b>180,443</b>
	<b>Underlying (under) / overspend on services</b>			<b>6,625,557</b>

(from)  
to

This page is intentionally left blank



STRATEGY DIRECTORATE SUMMARY	Revised Budget	Projected outturn	Variance
Direct Expenditure	8,079,520	7,355,271	(724,249)
Income	(13,777,140)	(11,452,727)	2,324,413
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>(5,697,620)</b>	<b>(4,097,456)</b>	<b>1,600,164</b>
Indirect Expenditure	7,399,110	7,142,095	(257,015)
<b>Net (Income) / Expenditure</b>	<b>1,701,490</b>	<b>3,044,639</b>	<b>1,343,149</b>

Arts Development	Revised Budget	Projected outturn	Variance
Direct Expenditure	93,080	70,713	(22,367)
Income			0
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>93,080</b>	<b>70,713</b>	<b>(22,367)</b>
Indirect Expenditure	24,840	24,846	6
<b>Net (Income) / Expenditure</b>	<b>117,920</b>	<b>95,559</b>	<b>(22,361)</b>

**Service Comments:**  
Salary savings.

Audit Management	Revised Budget	Projected outturn	Variance
Direct Expenditure	235,220	235,230	10
Income	(398,730)	(398,730)	0
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>(163,510)</b>	<b>(163,500)</b>	<b>10</b>
Indirect Expenditure	40,090	40,096	6
<b>Net (Income) / Expenditure</b>	<b>(123,420)</b>	<b>(123,404)</b>	<b>16</b>

**Service Comments:**

Business Forum	Revised Budget	Projected outturn	Variance
Direct Expenditure	24,690	67,036	42,346
Income	(30)	0	30
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>24,660</b>	<b>67,036</b>	<b>42,376</b>
Indirect Expenditure	2,160	2,164	4
<b>Net (Income) / Expenditure</b>	<b>26,820</b>	<b>69,200</b>	<b>42,380</b>

**Service Comments:**

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

Citizens Advice Bureau	Revised Budget	Projected outturn	Variance
Direct Expenditure	283,420	283,420	0
Income			0
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>283,420</b>	<b>283,420</b>	<b>0</b>
Indirect Expenditure	1,290	1,292	2
<b>Net (Income) / Expenditure</b>	<b>284,710</b>	<b>284,712</b>	<b>2</b>

**Service Comments:**

Civic Expenses	Revised Budget	Projected outturn	Variance
Direct Expenditure	214,380	168,161	(46,219)
Income	0		0
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>214,380</b>	<b>168,161</b>	<b>(46,219)</b>
Indirect Expenditure	41,730	41,740	10
<b>Net (Income) / Expenditure</b>	<b>256,110</b>	<b>209,901</b>	<b>(46,209)</b>

**Service Comments:**

Salary savings and borough promotional cost savings due to event cancellations as a consequence of Covid-19.

Climate Change	Revised Budget	Projected outturn	Variance
Direct Expenditure	232,030	171,693	(60,337)
Income	(184,300)	(164,300)	20,000
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>47,730</b>	<b>7,393</b>	<b>(40,337)</b>
Indirect Expenditure	52,300	52,276	(24)
<b>Net (Income) / Expenditure</b>	<b>100,030</b>	<b>59,669</b>	<b>(40,361)</b>

**Service Comments:**

There are salary savings although these relate to a post that is no longer on the establishment as per FG Phase A

Agenda item number: 5  
Appendix 2

<b>Community Development</b>	<b>Revised Budget</b>	<b>Projected outturn</b>	<b>Variance</b>
Direct Expenditure	136,170	156,621	20,451
Income			0
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>136,170</b>	<b>156,621</b>	<b>20,451</b>
Indirect Expenditure	14,600	15,390	790
<b>Net (Income) / Expenditure</b>	<b>150,770</b>	<b>172,011</b>	<b>21,241</b>

**Service Comments:**

<b>About Guildford</b>	<b>Revised Budget</b>	<b>Projected outturn</b>	<b>Variance</b>
Direct Expenditure	53,160	5,567	(47,593)
Income	(4,500)	0	4,500
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>48,660</b>	<b>5,567</b>	<b>(43,093)</b>
Indirect Expenditure	3,240	3,100	(140)
<b>Net (Income) / Expenditure</b>	<b>51,900</b>	<b>8,667</b>	<b>(43,233)</b>

**Service Comments:**

Savings in advertising and promotion

<b>Community Lottery</b>	<b>Revised Budget</b>	<b>Projected outturn</b>	<b>Variance</b>
Direct Expenditure	2,900	1,900	(1,000)
Income	(3,000)	0	3,000
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>(100)</b>	<b>1,900</b>	<b>2,000</b>
Indirect Expenditure	0	0	0
<b>Net (Income) / Expenditure</b>	<b>(100)</b>	<b>1,900</b>	<b>2,000</b>

**Service Comments:**

<b>Public Relations</b>	<b>Revised Budget</b>	<b>Projected outturn</b>	<b>Variance</b>
Direct Expenditure	262,230	252,037	(10,193)
Income			0
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>262,230</b>	<b>252,037</b>	<b>(10,193)</b>
Indirect Expenditure	59,400	59,418	18
<b>Net (Income) / Expenditure</b>	<b>321,630</b>	<b>311,455</b>	<b>(10,175)</b>

**Service Comments:**

<b>Community Safety</b>	<b>Revised Budget</b>	<b>Projected outturn</b>	<b>Variance</b>
Direct Expenditure	151,160	111,105	(40,055)
Income	(15,000)	(15,000)	0
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>136,160</b>	<b>96,105</b>	<b>(40,055)</b>
Indirect Expenditure	27,360	27,360	0
<b>Net (Income) / Expenditure</b>	<b>163,520</b>	<b>123,465</b>	<b>(40,055)</b>

**Service Comments:**

Savings in staffing

<b>Council &amp; Committee Support</b>	<b>Revised Budget</b>	<b>Projected outturn</b>	<b>Variance</b>
Direct Expenditure	318,160	163,825	(154,335)
Income	(260,340)	(29,900)	230,440
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>57,820</b>	<b>133,925</b>	<b>76,105</b>
Indirect Expenditure	367,370	367,380	10
<b>Net (Income) / Expenditure</b>	<b>425,190</b>	<b>501,305</b>	<b>76,115</b>

**Service Comments:**

The decision to hold paperless meetings, together with remotely held meetings are estimated to deliver combined savings of £55,000. Salary savings amount to £11,000, although £14,000 of redundancy costs have been incurred. The forecast recharge to the HRA is reduced by £9,000 as a result of these savings.

<b>Corporate Programmes</b>	<b>Revised Budget</b>	<b>Projected outturn</b>	<b>Variance</b>
Direct Expenditure	915,320	559,320	(356,000)
Income	(1,176,060)	(914,500)	261,560
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>(260,740)</b>	<b>(355,180)</b>	<b>(94,440)</b>
Indirect Expenditure	1,833,990	1,573,990	(260,000)
<b>Net (Income) / Expenditure</b>	<b>1,573,250</b>	<b>1,218,810</b>	<b>(354,440)</b>

**Service Comments:**

Uncontrollable cost and recharged income overstated in the budget. Planned and reactive repairs expected to be under budget now by £350,000. Expenditure is allocated to the services and shows as an underspend in Corporate Programmes until budgets are transferred

<b>Democratic Representation</b>	<b>Revised Budget</b>	<b>Projected outturn</b>	<b>Variance</b>
Direct Expenditure	710,180	703,576	(6,604)
Income	(107,800)	(107,800)	0
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>602,380</b>	<b>595,776</b>	<b>(6,604)</b>
Indirect Expenditure	216,440	216,466	26
<b>Net (Income) / Expenditure</b>	<b>818,820</b>	<b>812,242</b>	<b>(6,578)</b>

**Service Comments:**

<b>Elections</b>	<b>Revised Budget</b>	<b>Projected outturn</b>	<b>Variance</b>
Direct Expenditure	71,800	68,733	(3,067)
Income	0	(9,413)	(9,413)
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>71,800</b>	<b>59,320</b>	<b>(12,480)</b>
Indirect Expenditure	23,000	23,008	8
<b>Net (Income) / Expenditure</b>	<b>94,800</b>	<b>82,328</b>	<b>(12,472)</b>

**Service Comments:**

<b>Electoral Registration</b>	<b>Revised Budget</b>	<b>Projected outturn</b>	<b>Variance</b>
Direct Expenditure	255,790	190,074	(65,716)
Income	(26,610)	(23,777)	2,833
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>229,180</b>	<b>166,297</b>	<b>(62,883)</b>
Indirect Expenditure	46,490	46,498	8
<b>Net (Income) / Expenditure</b>	<b>275,670</b>	<b>212,795</b>	<b>(62,875)</b>

**Service Comments:**

Forecast savings in individual electoral registration fees.

<b>G Live</b>	<b>Revised Budget</b>	<b>Projected outturn</b>	<b>Variance</b>
Direct Expenditure	390,100	399,777	9,677
Income	(49,380)	(19,380)	30,000
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>340,720</b>	<b>380,397</b>	<b>39,677</b>
Indirect Expenditure	1,381,850	1,347,288	(34,562)
<b>Net (Income) / Expenditure</b>	<b>1,722,570</b>	<b>1,727,685</b>	<b>5,115</b>

**Service Comments:**

<b>Grants to Voluntary Organisations</b>	<b>Revised Budget</b>	<b>Projected outturn</b>	<b>Variance</b>
Direct Expenditure	475,730	466,419	(9,311)
Income	0	0	0
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>475,730</b>	<b>466,419</b>	<b>(9,311)</b>
Indirect Expenditure	7,810	7,388	(422)
<b>Net (Income) / Expenditure</b>	<b>483,540</b>	<b>473,807</b>	<b>(9,733)</b>

**Service Comments:**

<b>Leisure Grants to Voluntary Organisations</b>	<b>Revised Budget</b>	<b>Projected outturn</b>	<b>Variance</b>
Direct Expenditure	393,060	393,131	71
Income	0	0	0
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>393,060</b>	<b>393,131</b>	<b>71</b>
Indirect Expenditure	0	486	486
<b>Net (Income) / Expenditure</b>	<b>393,060</b>	<b>393,617</b>	<b>557</b>

**Service Comments:**

Agenda item number: 5  
Appendix 2

<b>Industrial Estates</b>	<b>Revised Budget</b>	<b>Projected outturn</b>	<b>Variance</b>
Direct Expenditure	264,180	541,180	277,000
Income	(3,148,420)	(3,211,600)	(63,180)
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>(2,884,240)</b>	<b>(2,670,420)</b>	<b>213,820</b>
Indirect Expenditure	296,660	297,649	989
<b>Net (Income) / Expenditure</b>	<b>(2,587,580)</b>	<b>(2,372,771)</b>	<b>214,809</b>

**Service Comments:**

Business rates and void costs £195,000 over budget. Carry forward of £35,000 for consultancy not yet added to budget. R & M costs will have a matching budget at yearend. Rents and service charges £63,000 over budget.

<b>Investment Property</b>	<b>Revised Budget</b>	<b>Projected outturn</b>	<b>Variance</b>
Direct Expenditure	96,630	114,970	18,340
Income	(4,655,840)	(4,620,000)	35,840
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>(4,559,210)</b>	<b>(4,505,030)</b>	<b>54,180</b>
Indirect Expenditure	231,960	251,218	19,258
<b>Net (Income) / Expenditure</b>	<b>(4,327,250)</b>	<b>(4,253,812)</b>	<b>73,438</b>

**Service Comments:**

Void property business rates offset by savings in recharged salaries and insurance. Additional recharge income but rental income reduced by £38,000.

<b>Leisure Management Contract</b>	<b>Revised Budget</b>	<b>Projected outturn</b>	<b>Variance</b>
Direct Expenditure	1,273,520	960,631	(312,889)
Income	(2,071,140)	(598,271)	1,472,869
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>(797,620)</b>	<b>362,360</b>	<b>1,159,980</b>
Indirect Expenditure	2,096,820	2,086,053	(10,767)
<b>Net (Income) / Expenditure</b>	<b>1,299,200</b>	<b>2,448,413</b>	<b>1,149,213</b>

**Service Comments:**

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

<b>Markets</b>	<b>Revised Budget</b>	<b>Projected outturn</b>	<b>Variance</b>
Direct Expenditure	22,070	19,770	(2,300)
Income	(32,000)	(16,500)	15,500
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>(9,930)</b>	<b>3,270</b>	<b>13,200</b>
Indirect Expenditure	6,330	6,334	4
<b>Net (Income) / Expenditure</b>	<b>(3,600)</b>	<b>9,604</b>	<b>13,204</b>

**Service Comments:**

<b>Housing outside the HRA</b>	<b>Revised Budget</b>	<b>Projected outturn</b>	<b>Variance</b>
Direct Expenditure	1,210	2,010	800
Income	(7,100)	0	7,100
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>(5,890)</b>	<b>2,010</b>	<b>7,900</b>
Indirect Expenditure	65,520	63,070	(2,450)
<b>Net (Income) / Expenditure</b>	<b>59,630</b>	<b>65,080</b>	<b>5,450</b>

**Service Comments:**

<b>Other Property</b>	<b>Revised Budget</b>	<b>Projected outturn</b>	<b>Variance</b>
Direct Expenditure	155,990	258,155	102,165
Income	(1,092,670)	(1,062,670)	30,000
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>(936,680)</b>	<b>(804,515)</b>	<b>132,165</b>
Indirect Expenditure	355,760	385,382	29,622
<b>Net (Income) / Expenditure</b>	<b>(580,920)</b>	<b>(419,133)</b>	<b>161,787</b>

**Service Comments:**

£102,415 allowed for carry forward for Home Farm Effingham not yet added to budget. Rental income projected to be £28,000 below budget. Uncontrollable expenditure £30,000 over budget due to depreciation and asset development recharge.

<b>Parish Liaison</b>	<b>Revised Budget</b>	<b>Projected outturn</b>	<b>Variance</b>
Direct Expenditure	185,960	186,150	190
Income			0
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>185,960</b>	<b>186,150</b>	<b>190</b>
Indirect Expenditure	9,580	9,588	8
<b>Net (Income) / Expenditure</b>	<b>195,540</b>	<b>195,738</b>	<b>198</b>

**Service Comments:**

<b>Pest Control</b>	<b>Revised Budget</b>	<b>Projected outturn</b>	<b>Variance</b>
Direct Expenditure	49,930	48,346	(1,584)
Income	(55,000)	(55,002)	(2)
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>(5,070)</b>	<b>(6,656)</b>	<b>(1,586)</b>
Indirect Expenditure	6,060	6,066	6
<b>Net (Income) / Expenditure</b>	<b>990</b>	<b>(590)</b>	<b>(1,580)</b>

**Service Comments:**

<b>Community Safety</b>	<b>Revised Budget</b>	<b>Projected outturn</b>	<b>Variance</b>
Direct Expenditure	272,390	273,285	895
Income	0		0
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>272,390</b>	<b>273,285</b>	<b>895</b>
Indirect Expenditure	52,410	52,416	6
<b>Net (Income) / Expenditure</b>	<b>324,800</b>	<b>325,701</b>	<b>901</b>

**Service Comments:**

<b>Tourism &amp; Development</b>	<b>Revised Budget</b>	<b>Projected outturn</b>	<b>Variance</b>
Direct Expenditure	419,250	357,123	(62,127)
Income	(135,680)	(58,484)	77,196
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>283,570</b>	<b>298,639</b>	<b>15,069</b>
Indirect Expenditure	117,150	117,213	63
<b>Net (Income) / Expenditure</b>	<b>400,720</b>	<b>415,852</b>	<b>15,132</b>

**Service Comments:**

<b>Town Centre Management</b>	<b>Revised Budget</b>	<b>Projected outturn</b>	<b>Variance</b>
Direct Expenditure	119,800	125,314	5,514
Income	(353,540)	(147,400)	206,140
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>(233,740)</b>	<b>(22,086)</b>	<b>211,654</b>
Indirect Expenditure	16,900	16,910	10
<b>Net (Income) / Expenditure</b>	<b>(216,840)</b>	<b>(5,176)</b>	<b>211,664</b>

**Service Comments:**

North Street market was free of charge for the first three months of the financial year and sponsorship and advertising income will not be met due to economic conditions

<b>Youth Council</b>	<b>Revised Budget</b>	<b>Projected outturn</b>	<b>Variance</b>
Direct Expenditure	10	0	(10)
Income	0		0
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>10</b>	<b>0</b>	<b>(10)</b>
Indirect Expenditure	0	10	0
<b>Net (Income) / Expenditure</b>	<b>10</b>	<b>10</b>	<b>(10)</b>

**Service Comments:**

Agenda item number: 5  
Appendix 2

<b>SERVICE DIRECTORATE SUMMARY</b>	<b>Revised Budget</b>	<b>Projected outturn</b>	<b>Variance</b>
Direct Expenditure	64,709,110	64,683,220	(25,890)
Income	(63,017,260)	(55,404,113)	7,613,148
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>1,691,850</b>	<b>9,279,108</b>	<b>7,587,258</b>
Indirect Expenditure	14,361,000	14,290,342	(70,658)
<b>Net (Income) / Expenditure</b>	<b>16,052,850</b>	<b>23,569,449</b>	<b>7,516,599</b>

<b>Affordable Housing</b>	<b>Revised Budget</b>	<b>Projected outturn</b>	<b>Variance</b>
Direct Expenditure	89,670	133,901	44,231
Income			0
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>89,670</b>	<b>133,901</b>	<b>44,231</b>
Indirect Expenditure	24,520	24,524	4
<b>Net (Income) / Expenditure</b>	<b>114,190</b>	<b>158,425</b>	<b>44,235</b>

**Service Comments:**

Cost of relatively expensive agency staff member covering vacant posts.

<b>Building Control</b>	<b>Revised Budget</b>	<b>Projected outturn</b>	<b>Variance</b>
Direct Expenditure	742,240	767,800	25,560
Income	(503,500)	(402,918)	100,582
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>238,740</b>	<b>364,882</b>	<b>126,142</b>
Indirect Expenditure	127,090	127,100	10
<b>Net (Income) / Expenditure</b>	<b>365,830</b>	<b>491,982</b>	<b>126,152</b>

**Service Comments:**

Employment related savings but agency and consultants costs. Income under budget by £100,000

<b>Building Maintenance</b>	<b>Revised Budget</b>	<b>Projected outturn</b>	<b>Variance</b>
Direct Expenditure	3,745,510	3,641,783	(103,727)
Income	(4,058,890)	(3,922,330)	136,560
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>(313,380)</b>	<b>(280,547)</b>	<b>32,833</b>
Indirect Expenditure	361,250	361,262	12
<b>Net (Income) / Expenditure</b>	<b>47,870</b>	<b>80,715</b>	<b>32,845</b>

**Service Comments:**

Due to Covid-19 only emergency repairs have been possible, resulting in lower income from Services and external works, the overall impact on 2020-21 is forecast at £749,000. Employee costs are in the main fixed, with staff seconded to Covid-19 work still charged to the department hence salary costs are £11,000 lower than budget and additional leasing costs are £6,000. Materials and contractor costs are forecast to be £525,000 lower than budget as a result of the reduced activity.

<b>Business Rates</b>	<b>Revised Budget</b>	<b>Projected outturn</b>	<b>Variance</b>
Direct Expenditure	193,050	192,340	(710)
Income	(258,910)	(240,539)	18,371
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>(65,860)</b>	<b>(48,199)</b>	<b>17,661</b>
Indirect Expenditure	42,940	42,952	12
<b>Net (Income) / Expenditure</b>	<b>(22,920)</b>	<b>(5,247)</b>	<b>17,673</b>

**Service Comments:**

<b>Traveller Caravan Sites</b>	<b>Revised Budget</b>	<b>Projected outturn</b>	<b>Variance</b>
Direct Expenditure	81,530	116,110	34,580
Income	(210,090)	(215,000)	(4,910)
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>(128,560)</b>	<b>(98,890)</b>	<b>29,670</b>
Indirect Expenditure	25,520	4,040	30
<b>Net (Income) / Expenditure</b>	<b>(103,040)</b>	<b>(94,850)</b>	<b>29,700</b>

**Service Comments:**

Survey wide traveller site survey £25,000 to be funded from reserves. Higher water charges of £15,000.

<b>Town Centre CCTV</b>	<b>Revised Budget</b>	<b>Projected outturn</b>	<b>Variance</b>
Direct Expenditure	80,370	74,000	(6,370)
Income			0
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>80,370</b>	<b>74,000</b>	<b>(6,370)</b>
Indirect Expenditure	20,330	19,602	(728)
<b>Net (Income) / Expenditure</b>	<b>100,700</b>	<b>93,602</b>	<b>(7,098)</b>

**Service Comments:**

<b>Cemeteries</b>	<b>Revised Budget</b>	<b>Projected outturn</b>	<b>Variance</b>
Direct Expenditure	193,120	214,740	21,620
Income	(78,230)	(75,910)	2,320
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>114,890</b>	<b>138,830</b>	<b>23,940</b>
Indirect Expenditure	98,090	91,241	(6,849)
<b>Net (Income) / Expenditure</b>	<b>212,980</b>	<b>230,071</b>	<b>17,091</b>

**Service Comments:**

<b>Civil Emergencies</b>	<b>Revised Budget</b>	<b>Projected outturn</b>	<b>Variance</b>
Direct Expenditure	56,480	55,525	(955)
Income			0
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>56,480</b>	<b>55,525</b>	<b>(955)</b>
Indirect Expenditure	4,960	4,966	6
<b>Net (Income) / Expenditure</b>	<b>61,440</b>	<b>60,491</b>	<b>(949)</b>

**Service Comments:**

<b>Crematorium</b>	<b>Revised Budget</b>	<b>Projected outturn</b>	<b>Variance</b>
Direct Expenditure	700,960	750,960	50,000
Income	(1,697,210)	(1,696,970)	240
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>(996,250)</b>	<b>(946,010)</b>	<b>50,240</b>
Indirect Expenditure	165,390	163,696	(1,694)
<b>Net (Income) / Expenditure</b>	<b>(830,860)</b>	<b>(782,314)</b>	<b>48,546</b>

**Service Comments:**

Additional temporary staff. A carry forward for fixed plant machinery maintenance £14,000 not yet loaded. No abatement scheme income in 2020-21

<b>Council Tax</b>	<b>Revised Budget</b>	<b>Projected outturn</b>	<b>Variance</b>
Direct Expenditure	657,630	653,355	(4,275)
Income	(290,000)	(100,000)	190,000
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>367,630</b>	<b>553,355</b>	<b>185,725</b>
Indirect Expenditure	164,780	164,794	14
<b>Net (Income) / Expenditure</b>	<b>532,410</b>	<b>718,149</b>	<b>185,739</b>

**Service Comments:**

Due to Covid-19 recovery action is being deferred; it is expected that income from recovery of costs will reduce by £190,000.

<b>Customer Services</b>	<b>Revised Budget</b>	<b>Projected outturn</b>	<b>Variance</b>
Direct Expenditure	297,910	308,000	10,090
Income	(453,570)	(453,570)	0
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>(155,660)</b>	<b>(145,570)</b>	<b>10,090</b>
Indirect Expenditure	87,710	87,716	6
<b>Net (Income) / Expenditure</b>	<b>(67,950)</b>	<b>(57,854)</b>	<b>10,096</b>

**Service Comments:**

Agenda item number: 5  
Appendix 2

<b>Day Services</b>	<b>Revised Budget</b>	<b>Projected outturn</b>	<b>Variance</b>
Direct Expenditure	452,640	619,417	166,777
Income	(160,610)	(73,970)	86,640
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>292,030</b>	<b>545,447</b>	<b>253,417</b>
Indirect Expenditure	266,330	264,236	(2,094)
<b>Net (Income) / Expenditure</b>	<b>558,360</b>	<b>809,683</b>	<b>251,323</b>

**Service Comments:**

£125,000 of budgeted salary savings anticipated as part of the Future Guildford restructure have been delayed. £70,000 additional overtime and agency costs to cover vacancies. Reduction of £44,000 in catering and events costs and a reduction in income from sales of £86,000 due to the closure of the centres for 6 months due to Covid 19.

<b>Development Control</b>	<b>Revised Budget</b>	<b>Projected outturn</b>	<b>Variance</b>
Direct Expenditure	1,950,830	2,047,430	96,600
Income	(1,753,380)	(1,580,000)	173,380
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>197,450</b>	<b>467,430</b>	<b>269,980</b>
Indirect Expenditure	597,810	621,971	24,161
<b>Net (Income) / Expenditure</b>	<b>795,260</b>	<b>1,089,401</b>	<b>294,141</b>

**Service Comments:**

Carry forward of £35,200 not yet loaded will offset salary overspend. Assumed that most temporary staff will have left by end November as Phase B finalised. Planning appeals £40k over budget at present but will be reviewed as the year progresses. Planning Performance Agreements £120k but other income under budget

<b>Digital Services</b>	<b>Revised Budget</b>	<b>Projected outturn</b>	<b>Variance</b>
Direct Expenditure	209,520	255,238	45,718
Income	0		
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>209,520</b>	<b>255,238</b>	<b>45,718</b>
Indirect Expenditure	29,250	29,254	4
<b>Net (Income) / Expenditure</b>	<b>238,770</b>	<b>284,492</b>	<b>45,722</b>

**Service Comments:**

Budget virement for salaries excluded in error- corresponding underspend in Public Relations

<b>Emergency Communications</b>	<b>Revised Budget</b>	<b>Projected outturn</b>	<b>Variance</b>
Direct Expenditure	257,470	252,081	(5,389)
Income	(451,430)	(434,196)	17,234
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>(193,960)</b>	<b>(182,115)</b>	<b>11,845</b>
Indirect Expenditure	70,170	70,180	10
<b>Net (Income) / Expenditure</b>	<b>(123,790)</b>	<b>(111,935)</b>	<b>11,855</b>

**Service Comments:**

<b>EMI Services</b>	<b>Revised Budget</b>	<b>Projected outturn</b>	<b>Variance</b>
Direct Expenditure	188,310	293,244	104,934
Income	(129,340)	(94,540)	34,800
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>58,970</b>	<b>198,704</b>	<b>139,734</b>
Indirect Expenditure	52,400	52,410	10
<b>Net (Income) / Expenditure</b>	<b>111,370</b>	<b>251,114</b>	<b>139,744</b>

**Service Comments:**

£89,000 of budgeted salary savings anticipated as part of the Future Guildford restructure have been delayed. £10,000 additional overtime and agency costs to cover vacancies. Reduction in income from fees £34,000 due to the impact of COVid 19 on service demand.



Agenda item number: 5  
Appendix 2

Engineering and Transportation	Revised Budget	Projected outturn	Variance
Direct Expenditure	293,000	144,720	(148,280)
Income	(398,170)	(337,000)	61,170
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>(105,170)</b>	<b>(192,280)</b>	<b>(87,110)</b>
Indirect Expenditure	63,600	63,610	10
<b>Net (Income) / Expenditure</b>	<b>(41,570)</b>	<b>(128,670)</b>	<b>(87,100)</b>

**Service Comments:**

There are salary savings due to vacancies and the support service recharge won't be met as a consequence

Environmental Health	Revised Budget	Projected outturn	Variance
Direct Expenditure	584,110	608,789	24,679
Income	(107,830)	(49,896)	57,934
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>476,280</b>	<b>558,893</b>	<b>82,613</b>
Indirect Expenditure	277,260	277,288	28
<b>Net (Income) / Expenditure</b>	<b>753,540</b>	<b>836,181</b>	<b>82,641</b>

**Service Comments:**

Family Support	Revised Budget	Projected outturn	Variance
Direct Expenditure	432,760	513,398	80,638
Income	(421,900)	(668,500)	(246,600)
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>10,860</b>	<b>(155,102)</b>	<b>(165,962)</b>
Indirect Expenditure	95,410	95,414	4
<b>Net (Income) / Expenditure</b>	<b>106,270</b>	<b>(59,688)</b>	<b>(165,958)</b>

**Service Comments:**

Increase in employee exp of £46,000 due to staff transferred from Waverley BC. Reduction of £8,000 in transport costs due to lower usage. Additional £35,000 of costs relating to the refugee programme which is funded from grant income. Grant income from SCC will increase by £247,000 to reflect the transfer of the service from WaverleyBC.

Fleet Management	Revised Budget	Projected outturn	Variance
Direct Expenditure	840,480	840,480	0
Income	(2,580,460)	(2,580,460)	0
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>(1,739,980)</b>	<b>(1,739,980)</b>	<b>0</b>
Indirect Expenditure	1,755,100	1,758,196	3,096
<b>Net (Income) / Expenditure</b>	<b>15,120</b>	<b>18,216</b>	<b>3,096</b>

**Service Comments:**

Food Safety	Revised Budget	Projected outturn	Variance
Direct Expenditure	311,260	317,502	6,242
Income	(1,580)	(1,500)	80
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>309,680</b>	<b>316,002</b>	<b>6,322</b>
Indirect Expenditure	65,390	65,394	4
<b>Net (Income) / Expenditure</b>	<b>375,070</b>	<b>381,396</b>	<b>6,326</b>

**Service Comments:**

Guildford House	Revised Budget	Projected outturn	Variance
Direct Expenditure	345,890	232,000	(113,890)
Income	(83,330)	(30,000)	53,330
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>262,560</b>	<b>202,000</b>	<b>(60,560)</b>
Indirect Expenditure	137,120	137,360	240
<b>Net (Income) / Expenditure</b>	<b>399,680</b>	<b>339,360</b>	<b>(60,320)</b>

**Service Comments:**

Salary savings due to vacancies. Supplies and services and income less than budgeted due to Covid related closure.

Agenda item number: 5  
Appendix 2

<b>Guildhall</b>	<b>Revised Budget</b>	<b>Projected outturn</b>	<b>Variance</b>
Direct Expenditure	109,940	74,000	(35,940)
Income	(39,060)	(10,664)	28,396
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>70,880</b>	<b>63,336</b>	<b>(7,544)</b>
Indirect Expenditure	75,570	70,246	(5,324)
<b>Net (Income) / Expenditure</b>	<b>146,450</b>	<b>133,582</b>	<b>(12,868)</b>

**Service Comments:**

Salary savings due to vacancies and letting fees lower due to Covid

<b>Housing Benefits</b>	<b>Revised Budget</b>	<b>Projected outturn</b>	<b>Variance</b>
Direct Expenditure	28,583,160	27,453,323	(1,129,837)
Income	(28,374,100)	(27,308,102)	1,065,998
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>209,060</b>	<b>145,221</b>	<b>(63,839)</b>
Indirect Expenditure	227,190	227,208	18
<b>Net (Income) / Expenditure</b>	<b>436,250</b>	<b>372,429</b>	<b>(63,821)</b>

**Service Comments:**

Additional £80,000 grant funding received from central government in excess of estimates and savings on consultancy and printing costs £16,000.

<b>Corporate H&amp;S</b>	<b>Revised Budget</b>	<b>Projected outturn</b>	<b>Variance</b>
Direct Expenditure	146,490	154,032	7,542
Income	(156,330)	(156,174)	156
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>(9,840)</b>	<b>(2,142)</b>	<b>7,698</b>
Indirect Expenditure	19,040	19,046	6
<b>Net (Income) / Expenditure</b>	<b>9,200</b>	<b>16,904</b>	<b>7,704</b>

**Service Comments:**

<b>Homelessness Support</b>	<b>Revised Budget</b>	<b>Projected outturn</b>	<b>Variance</b>
Direct Expenditure	783,220	972,751	189,531
Income	(35,000)	(512,363)	(477,363)
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>748,220</b>	<b>460,388</b>	<b>(287,832)</b>
Indirect Expenditure	109,670	109,678	8
<b>Net (Income) / Expenditure</b>	<b>857,890</b>	<b>570,066</b>	<b>(287,824)</b>

**Service Comments:**

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

<b>Housing Advice</b>	<b>Revised Budget</b>	<b>Projected outturn</b>	<b>Variance</b>
Direct Expenditure	350,070	350,000	(70)
Income			0
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>350,070</b>	<b>350,000</b>	<b>(70)</b>
Indirect Expenditure	90	90	0
<b>Net (Income) / Expenditure</b>	<b>350,160</b>	<b>350,090</b>	<b>(70)</b>

**Service Comments:**

<b>Housing Surveying Services</b>	<b>Revised Budget</b>	<b>Projected outturn</b>	<b>Variance</b>
Direct Expenditure	672,960	657,978	(14,982)
Income	(781,550)	(760,732)	20,818
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>(108,590)</b>	<b>(102,754)</b>	<b>5,836</b>
Indirect Expenditure	108,350	108,364	14
<b>Net (Income) / Expenditure</b>	<b>(240)</b>	<b>5,610</b>	<b>5,850</b>

**Service Comments:**

Land Charges	Revised Budget	Projected outturn	Variance
Direct Expenditure	218,770	199,500	(19,270)
Income	(266,060)	(189,000)	77,060
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>(47,290)</b>	<b>10,500</b>	<b>57,790</b>
Indirect Expenditure	33,620	33,428	(192)
<b>Net (Income) / Expenditure</b>	<b>(13,670)</b>	<b>43,928</b>	<b>57,598</b>

**Service Comments:**

Shortfall of income of £77,000

Land Drainage	Revised Budget	Projected outturn	Variance
Direct Expenditure	320	320	0
Income			0
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>320</b>	<b>320</b>	<b>0</b>
Indirect Expenditure	294,650	279,650	(15,000)
<b>Net (Income) / Expenditure</b>	<b>294,970</b>	<b>279,970</b>	<b>(15,000)</b>

**Service Comments:**

Leisure & Community	Revised Budget	Projected outturn	Variance
Direct Expenditure	21,460	30,972	9,512
Income	(9,580)	0	9,580
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>11,880</b>	<b>30,972</b>	<b>19,092</b>
Indirect Expenditure	103,480	98,846	(4,634)
<b>Net (Income) / Expenditure</b>	<b>115,360</b>	<b>129,818</b>	<b>14,458</b>

**Service Comments:**

Leisure Play	Revised Budget	Projected outturn	Variance
Direct Expenditure	211,050	119,211	(91,839)
Income	(38,500)	(18,260)	20,240
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>172,550</b>	<b>100,951</b>	<b>(71,599)</b>
Indirect Expenditure	43,240	43,262	22
<b>Net (Income) / Expenditure</b>	<b>215,790</b>	<b>144,213</b>	<b>(71,577)</b>

**Service Comments:**

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

Leisure Rangers	Revised Budget	Projected outturn	Variance
Direct Expenditure	204,280	161,142	(43,138)
Income	0	0	0
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>204,280</b>	<b>161,142</b>	<b>(43,138)</b>
Indirect Expenditure	26,980	26,986	6
<b>Net (Income) / Expenditure</b>	<b>231,260</b>	<b>188,128</b>	<b>(43,132)</b>

**Service Comments:**

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

Leisure Sports	Revised Budget	Projected outturn	Variance
Direct Expenditure	88,190	72,754	(15,436)
Income	(1,500)	0	1,500
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>86,690</b>	<b>72,754</b>	<b>(13,936)</b>
Indirect Expenditure	14,920	14,922	2
<b>Net (Income) / Expenditure</b>	<b>101,610</b>	<b>87,676</b>	<b>(13,934)</b>

**Service Comments:**

Reduction in expenditure due to staffing vacancies.

Licensing	Revised Budget	Projected outturn	Variance
Direct Expenditure	257,980	254,085	(3,895)
Income	(193,990)	(142,158)	51,832
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>63,990</b>	<b>111,927</b>	<b>47,937</b>
Indirect Expenditure	98,150	98,202	52
<b>Net (Income) / Expenditure</b>	<b>162,140</b>	<b>210,129</b>	<b>47,989</b>

**Service Comments:**

Income down as a result of Covid-19

Agenda item number: 5  
Appendix 2

Major projects	Revised Budget	Projected outturn	Variance
Direct Expenditure	499,110	2,013,957	1,514,847
Income			0
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>499,110</b>	<b>2,013,957</b>	<b>1,514,847</b>
Indirect Expenditure	170,840	170,866	26
<b>Net (Income) / Expenditure</b>	<b>669,950</b>	<b>2,184,823</b>	<b>1,514,873</b>

**Service Comments:**

Employee costs are expected to be £45,848 less than the revenue budget which takes into account a capital allocation of £85,100. The allocation between revenue and capital will be revised at each monitoring period. There are unbudgeted agency costs of £147,772. Consultants costs of £1,436,362 will be funded from reserves.

MOT Bay	Revised Budget	Projected outturn	Variance
Direct Expenditure	103,630	83,776	(19,854)
Income	(154,070)	(90,000)	64,070
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>(50,440)</b>	<b>(6,224)</b>	<b>44,216</b>
Indirect Expenditure	52,650	52,658	8
<b>Net (Income) / Expenditure</b>	<b>2,210</b>	<b>46,434</b>	<b>44,224</b>

**Service Comments:**

Reduction in staffing and reduced income

Community Meals & Transport	Revised Budget	Projected outturn	Variance
Direct Expenditure	299,250	298,254	(996)
Income	(156,090)	(253,000)	(96,910)
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>143,160</b>	<b>45,254</b>	<b>(97,906)</b>
Indirect Expenditure	53,540	53,552	12
<b>Net (Income) / Expenditure</b>	<b>196,700</b>	<b>98,806</b>	<b>(97,894)</b>

**Service Comments:**

Net salary saving of £22,000 due to vacancies. Additional cost of food purchases £15,000 offset by additional income of £97,000 due to an increase in the sale of meals due to COVID 19.

Guildford Museum	Revised Budget	Projected outturn	Variance
Direct Expenditure	353,390	416,390	63,000
Income	(31,110)	(3,200)	27,910
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>322,280</b>	<b>413,190</b>	<b>90,910</b>
Indirect Expenditure	205,910	207,938	2,028
<b>Net (Income) / Expenditure</b>	<b>528,190</b>	<b>621,128</b>	<b>92,938</b>

**Service Comments:**

Lower casual requirement. Carry forward of £70,000 and £13,000 for consultancy and accreditation not yet loaded. Income under budget due to closure

Offstreet Parking	Revised Budget	Projected outturn	Variance
Direct Expenditure	3,399,780	3,374,780	(25,000)
Income	(10,379,740)	(5,235,000)	5,144,740
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>(6,979,960)</b>	<b>(1,860,220)</b>	<b>5,119,740</b>
Indirect Expenditure	2,296,930	2,290,021	(6,909)
<b>Net (Income) / Expenditure</b>	<b>(4,683,030)</b>	<b>429,801</b>	<b>5,112,831</b>

**Service Comments:**

Salary savings due to vacancies. Works funded from CPMR will be £327,020 (the budget as loaded is £190,000). Savings in supplies and services. Income shortfall is significant with no restrictions in offstreet parking for the first three months of the financial year. Occupancy going forward ranging from 33% to 85%. Season ticket and contract car parking under budget.

<b>Onstreet Parking</b>	<b>Revised Budget</b>	<b>Projected outturn</b>	<b>Variance</b>
Direct Expenditure	1,264,720	1,075,000	(189,720)
Income	(1,826,680)	(1,156,200)	670,480
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>(561,960)</b>	<b>(81,200)</b>	<b>480,760</b>
Indirect Expenditure	225,710	225,736	26
<b>Net (Income) / Expenditure</b>	<b>(336,250)</b>	<b>144,536</b>	<b>480,786</b>

**Service Comments:**

Salary savings due to vacancies. Scc payment under agency greatly reduced with net expenditure projected for Guildford onstreet. £23,810 funded from CPMR for electric charging points.

<b>Ordinance Survey &amp; Mapping</b>	<b>Revised Budget</b>	<b>Projected outturn</b>	<b>Variance</b>
Direct Expenditure	3,540	5,600	2,060
Income			0
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>3,540</b>	<b>5,600</b>	<b>2,060</b>
Indirect Expenditure	4,530	3,786	(744)
<b>Net (Income) / Expenditure</b>	<b>8,070</b>	<b>9,386</b>	<b>1,316</b>

**Service Comments:**

<b>Parks &amp; Countryside</b>	<b>Revised Budget</b>	<b>Projected outturn</b>	<b>Variance</b>
Direct Expenditure	3,407,530	3,557,530	150,000
Income	(1,277,740)	(1,108,943)	168,797
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>2,129,790</b>	<b>2,448,587</b>	<b>318,797</b>
Indirect Expenditure	1,660,550	1,658,400	(2,150)
<b>Net (Income) / Expenditure</b>	<b>3,790,340</b>	<b>4,106,987</b>	<b>316,647</b>

**Service Comments:**

Salary savings due to vacancies. Carry forwards totalling £134,600 not yet loaded. R& M expenditure will be matched by budget at year end. No contributions to festivals which will result in a saving of £20,000. £80,000 to be spent on Stoke Park master plan funded from reserve. Income less than budgeted (rents, fee income, advertising and events)

<b>Park &amp; Ride</b>	<b>Revised Budget</b>	<b>Projected outturn</b>	<b>Variance</b>
Direct Expenditure	552,300	570,300	18,000
Income	(37,500)	(30,000)	7,500
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>514,800</b>	<b>540,300</b>	<b>25,500</b>
Indirect Expenditure	328,820	325,794	(3,026)
<b>Net (Income) / Expenditure</b>	<b>843,620</b>	<b>866,094</b>	<b>22,474</b>

**Service Comments:**

The contribution to Spectrum P & R weekend service will increase as bus operator income falls.

<b>Policy, Community &amp; Events</b>	<b>Revised Budget</b>	<b>Projected outturn</b>	<b>Variance</b>
Direct Expenditure	1,154,030	807,923	(346,107)
Income	(60,760)	(30,718)	30,043
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>1,093,270</b>	<b>777,205</b>	<b>(316,065)</b>
Indirect Expenditure	222,960	223,482	522
<b>Net (Income) / Expenditure</b>	<b>1,316,230</b>	<b>1,000,687</b>	<b>(315,543)</b>

**Service Comments:**

Salary savings due to vacancies and budgets still reflecting pre Phase A position. Only £25,000 of CIL carryforward to be spent and IDP carry forward will not be spent (£53,969 and £60,000 respectively- not yet loaded into the system). Savings in consultants costs, printing and inspectors fees. Grants of £30,000 expected for neighbourhood plans.

Agenda item number: 5  
Appendix 2

<b>Private Sector Housing</b>	<b>Revised Budget</b>	<b>Projected outturn</b>	<b>Variance</b>
Direct Expenditure	685,190	685,165	(25)
Income	(411,130)	(382,452)	28,678
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>274,060</b>	<b>302,713</b>	<b>28,653</b>
Indirect Expenditure	128,800	128,828	28
<b>Net (Income) / Expenditure</b>	<b>402,860</b>	<b>431,541</b>	<b>28,681</b>

**Service Comments:**

Income falling short on services provided to clients as a result of Covid-19

<b>Project Aspire</b>	<b>Revised Budget</b>	<b>Projected outturn</b>	<b>Variance</b>
Direct Expenditure	0	15,759	15,759
Income	0	(2,291)	(2,291)
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>0</b>	<b>13,468</b>	<b>13,468</b>
Indirect Expenditure	0	0	0
<b>Net (Income) / Expenditure</b>	<b>0</b>	<b>13,468</b>	<b>13,468</b>

**Service Comments:**

Funded from reserves

<b>Public Convenience</b>	<b>Revised Budget</b>	<b>Projected outturn</b>	<b>Variance</b>
Direct Expenditure	232,430	227,430	(5,000)
Income	(12,050)	(12,050)	0
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>220,380</b>	<b>215,380</b>	<b>(5,000)</b>
Indirect Expenditure	130,840	127,587	(3,253)
<b>Net (Income) / Expenditure</b>	<b>351,220</b>	<b>342,967</b>	<b>(8,253)</b>

**Service Comments:**

<b>Public Health</b>	<b>Revised Budget</b>	<b>Projected outturn</b>	<b>Variance</b>
Direct Expenditure	76,570	75,849	(721)
Income			0
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>76,570</b>	<b>75,849</b>	<b>(721)</b>
Indirect Expenditure	7,780	7,790	10
<b>Net (Income) / Expenditure</b>	<b>84,350</b>	<b>83,639</b>	<b>(711)</b>

**Service Comments:**

<b>Refuse &amp; Recycling</b>	<b>Revised Budget</b>	<b>Projected outturn</b>	<b>Variance</b>
Direct Expenditure	3,251,250	3,496,012	244,762
Income	(765,140)	(765,140)	0
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>2,486,110</b>	<b>2,730,872</b>	<b>244,762</b>
Indirect Expenditure	1,490,320	1,490,138	(182)
<b>Net (Income) / Expenditure</b>	<b>3,976,430</b>	<b>4,221,010</b>	<b>244,580</b>

**Service Comments:**

There are additional costs associated with agency staff. Vehicle hire costs are will be over budget by £22,500 as the existing fleet has yet to be replaced. Trade refuse disposal charges and refuse sack sales are less than budget but so is the corresponding income. Educational promotion and publicity budgets will not be spent. Garden waste income will exceed budget by £160,000 and unbudgeted special collections are £25,800. Cardboard recycling income will not achieve budget.

<b>River Control</b>	<b>Revised Budget</b>	<b>Projected outturn</b>	<b>Variance</b>
Direct Expenditure	17,740	20,000	2,260
Income	0		0
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>17,740</b>	<b>20,000</b>	<b>2,260</b>
Indirect Expenditure	9,500	39,272	29,772
<b>Net (Income) / Expenditure</b>	<b>27,240</b>	<b>59,272</b>	<b>32,032</b>

**Service Comments:**

The engineers recharge is greater than budgeted due to the collapse of the weir at Millmead.

<b>Roads &amp; Footpaths</b>	<b>Revised Budget</b>	<b>Projected outturn</b>	<b>Variance</b>
Direct Expenditure	3,580	3,600	20
Income	0		0
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>3,580</b>	<b>3,600</b>	<b>20</b>
Indirect Expenditure	106,110	106,159	49
<b>Net (Income) / Expenditure</b>	<b>109,690</b>	<b>109,759</b>	<b>69</b>

**Service Comments:**

<b>Snow &amp; Ice</b>	<b>Revised Budget</b>	<b>Projected outturn</b>	<b>Variance</b>
Direct Expenditure	3,080	3,000	80
Income	(55,140)	(55,140)	0
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>(52,060)</b>	<b>(52,140)</b>	<b>80</b>
Indirect Expenditure	30,940	30,776	(164)
<b>Net (Income) / Expenditure</b>	<b>(21,120)</b>	<b>(21,364)</b>	<b>(84)</b>

**Service Comments:**

<b>SPA Sites</b>	<b>Revised Budget</b>	<b>Projected outturn</b>	<b>Variance</b>
Direct Expenditure	50,000	73,334	23,334
Income	(51,500)	(212,792)	(161,292)
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>(1,500)</b>	<b>(139,458)</b>	<b>(137,958)</b>
Indirect Expenditure	26,050	26,050	0
<b>Net (Income) / Expenditure</b>	<b>24,550</b>	<b>(113,408)</b>	<b>(137,958)</b>

**Service Comments:**

Receipts are greater than budgeted with net income transferred to reserve at year end

<b>Street Cleaning</b>	<b>Revised Budget</b>	<b>Projected outturn</b>	<b>Variance</b>
Direct Expenditure	1,971,500	1,680,500	(291,000)
Income	(182,910)	(181,320)	1,590
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>1,788,590</b>	<b>1,499,180</b>	<b>(289,410)</b>
Indirect Expenditure	527,970	527,980	10
<b>Net (Income) / Expenditure</b>	<b>2,316,560</b>	<b>2,027,160</b>	<b>(289,400)</b>

**Service Comments:**

Salary savings due to vacancies. Increased hire of vehicle costs .

<b>Street Furniture</b>	<b>Revised Budget</b>	<b>Projected outturn</b>	<b>Variance</b>
Direct Expenditure	57,700	50,770	(6,930)
Income			0
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>57,700</b>	<b>50,770</b>	<b>(6,930)</b>
Indirect Expenditure	53,690	51,743	(1,947)
<b>Net (Income) / Expenditure</b>	<b>111,390</b>	<b>102,513</b>	<b>(8,877)</b>

**Service Comments:**

<b>Taxi Licensing</b>	<b>Revised Budget</b>	<b>Projected outturn</b>	<b>Variance</b>
Direct Expenditure	144,270	139,383	(4,887)
Income	(124,200)	(58,705)	65,495
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>20,070</b>	<b>80,678</b>	<b>60,608</b>
Indirect Expenditure	72,590	72,626	36
<b>Net (Income) / Expenditure</b>	<b>92,660</b>	<b>153,304</b>	<b>60,644</b>

**Service Comments:**

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

<b>TIC</b>	<b>Revised Budget</b>	<b>Projected outturn</b>	<b>Variance</b>
Direct Expenditure	255,230	245,495	(9,735)
Income	(58,630)	(18,000)	40,630
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>196,600</b>	<b>227,495</b>	<b>30,895</b>
Indirect Expenditure	58,680	58,686	6
<b>Net (Income) / Expenditure</b>	<b>255,280</b>	<b>286,181</b>	<b>30,901</b>

**Service Comments:**

Projected income shortfall due to closure.

<b>Vehicle Maintenance</b>	<b>Revised Budget</b>	<b>Projected outturn</b>	<b>Variance</b>
Direct Expenditure	701,120	812,310	111,190
Income	(774,430)	(858,700)	(84,270)
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>(73,310)</b>	<b>(46,390)</b>	<b>26,920</b>
Indirect Expenditure	78,670	78,676	6
<b>Net (Income) / Expenditure</b>	<b>5,360</b>	<b>32,286</b>	<b>26,926</b>

**Service Comments:**

There is a redundancy cost in this service which represents the variance to budget

Agenda item number: 5  
Appendix 2

<b>Waste &amp; Fleet business development</b>	<b>Revised Budget</b>	<b>Projected outturn</b>	<b>Variance</b>
Direct Expenditure	1,342,930	1,299,508	(43,422)
Income	(2,406,650)	(2,200,000)	206,650
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>(1,063,720)</b>	<b>(900,492)</b>	<b>163,228</b>
Indirect Expenditure	435,030	435,030	0
<b>Net (Income) / Expenditure</b>	<b>(628,690)</b>	<b>(465,462)</b>	<b>163,228</b>

**Service Comments:**

Vehicle hire costs are over budget- Trade disposal charges and sack sales are below budget but so is income. Garden waste income will exceed budget by £200,000

<b>Woking Road Depot</b>	<b>Revised Budget</b>	<b>Projected outturn</b>	<b>Variance</b>
Direct Expenditure	458,230	416,969	(41,261)
Income	(623,240)	(629,540)	(6,300)
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>(165,010)</b>	<b>(212,571)</b>	<b>(47,561)</b>
Indirect Expenditure	268,260	267,214	(1,046)
<b>Net (Income) / Expenditure</b>	<b>103,250</b>	<b>54,643</b>	<b>(48,607)</b>

**Service Comments:**

Salary savings due to vacancy

<b>Woking Road Depot Stores</b>	<b>Revised Budget</b>	<b>Projected outturn</b>	<b>Variance</b>
Direct Expenditure	68,380	0	(68,380)
Income	(94,450)	(66,170)	28,280
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>(26,070)</b>	<b>(66,170)</b>	<b>(40,100)</b>
Indirect Expenditure	25,960	25,972	12
<b>Net (Income) / Expenditure</b>	<b>(110)</b>	<b>(40,198)</b>	<b>(40,088)</b>

**Service Comments:**



Agenda item number: 5  
Appendix 2

<b>RESOURCES DIRECTORATE SUMMARY</b>	<b>Revised Budget</b>	<b>Projected outturn</b>	<b>Variance</b>
Direct Expenditure	13,265,730	16,698,843	3,433,113
Income	(10,396,020)	(17,177,063)	(6,781,043)
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>2,869,710</b>	<b>(478,220)</b>	<b>(3,347,930)</b>
Indirect Expenditure	4,860,400	4,805,271	(55,129)
<b>Net (Income) / Expenditure</b>	<b>7,730,110</b>	<b>4,327,051</b>	<b>(3,403,059)</b>

<b>Corporate Financial &amp; Feasibility Studies</b>	<b>Revised Budget</b>	<b>Projected outturn</b>	<b>Variance</b>
Direct Expenditure	215,380	279,754	64,374
Income	(1,043,250)	(1,043,250)	0
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>(827,870)</b>	<b>(763,496)</b>	<b>64,374</b>
Indirect Expenditure	1,166,910	1,166,940	30
<b>Net (Income) / Expenditure</b>	<b>339,040</b>	<b>403,444</b>	<b>64,404</b>

**Service Comments:**  
Increased costs of brokerage commission against budget.

<b>Resources caseworker</b>	<b>Revised Budget</b>	<b>Projected outturn</b>	<b>Variance</b>
Direct Expenditure	1,742,130	1,657,683	(84,447)
Income	(3,153,550)	(2,852,670)	300,880
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>(1,411,420)</b>	<b>(1,194,987)</b>	<b>216,433</b>
Indirect Expenditure	955,900	955,900	0
<b>Net (Income) / Expenditure</b>	<b>(455,520)</b>	<b>(239,087)</b>	<b>216,433</b>

**Service Comments:**

<b>Corporate Services</b>	<b>Revised Budget</b>	<b>Projected outturn</b>	<b>Variance</b>
Direct Expenditure	449,170	886,758	437,588
Income	(121,200)	(121,200)	0
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>327,970</b>	<b>765,558</b>	<b>437,588</b>
Indirect Expenditure	687,490	687,526	36
<b>Net (Income) / Expenditure</b>	<b>1,015,460</b>	<b>1,453,084</b>	<b>437,624</b>

**Service Comments:**  
increase to reflect potential short term borrowing

<b>Lead Specialist - Finance</b>	<b>Revised Budget</b>	<b>Projected outturn</b>	<b>Variance</b>
Direct Expenditure	865,330	981,121	115,791
Income	(1,056,230)	(1,056,230)	0
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>(190,900)</b>	<b>(75,109)</b>	<b>115,791</b>
Indirect Expenditure	143,610	143,628	18
<b>Net (Income) / Expenditure</b>	<b>(47,290)</b>	<b>68,519</b>	<b>115,809</b>

**Service Comments:**  
Increases in the costs of agency staffing.

<b>Lead Specialist - HR</b>	<b>Revised Budget</b>	<b>Projected outturn</b>	<b>Variance</b>
Direct Expenditure	1,242,460	1,295,400	52,940
Income	(1,534,920)	(1,534,920)	0
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>(292,460)</b>	<b>(239,520)</b>	<b>52,940</b>
Indirect Expenditure	115,710	115,718	8
<b>Net (Income) / Expenditure</b>	<b>(176,750)</b>	<b>(123,802)</b>	<b>52,948</b>

**Service Comments:**  
Increases due, in the main, to staffing and medical costs along with increases in insurance premiums.

<b>Lead Specialist - ICT</b>	<b>Revised Budget</b>	<b>Projected outturn</b>	<b>Variance</b>
Direct Expenditure	1,277,090	1,544,549	267,459
Income	(1,526,670)	(1,522,170)	4,500
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>(249,580)</b>	<b>22,379</b>	<b>271,959</b>
Indirect Expenditure	291,780	291,780	0
<b>Net (Income) / Expenditure</b>	<b>42,200</b>	<b>314,159</b>	<b>271,959</b>

**Service Comments:**

Agenda item number: 5  
Appendix 2

<b>Lead Specialist - Information Governance</b>	<b>Revised Budget</b>	<b>Projected outturn</b>	<b>Variance</b>
Direct Expenditure	69,020	76,309	7,289
Income	(72,610)	(72,610)	0
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>(3,590)</b>	<b>3,699</b>	<b>7,289</b>
Indirect Expenditure	7,920	7,924	4
<b>Net (Income) / Expenditure</b>	<b>4,330</b>	<b>11,623</b>	<b>7,293</b>

**Service Comments:**

<b>Lead Specialist - Legal</b>	<b>Revised Budget</b>	<b>Projected outturn</b>	<b>Variance</b>
Direct Expenditure	933,160	854,239	(78,921)
Income	(1,404,720)	(1,362,973)	41,747
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>(471,560)</b>	<b>(508,734)</b>	<b>(37,174)</b>
Indirect Expenditure	244,960	187,692	(57,268)
<b>Net (Income) / Expenditure</b>	<b>(226,600)</b>	<b>(321,042)</b>	<b>(94,442)</b>

**Service Comments:**

Salary savings as a result of Future Guildford restructuring and vacancies amounting to £115,000 although car leasing costs exceed budget by £11,000. Legal fees has been forecast at the budgeted level for the Service of £55,000. The shortfall in income is due to a likely pause on developments resulting from Covid-19 on s106 income £40,000 and lower recharge of legal fees £50,000.

<b>Miscellaneous Expenses</b>	<b>Revised Budget</b>	<b>Projected outturn</b>	<b>Variance</b>
Direct Expenditure	301,000	4,780,500	4,479,500
Income	(15,240)	(7,145,410)	(7,130,170)
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>285,760</b>	<b>(2,364,910)</b>	<b>(2,650,670)</b>
Indirect Expenditure	612,130	612,130	0
<b>Net (Income) / Expenditure</b>	<b>897,890</b>	<b>(1,752,780)</b>	<b>(2,650,670)</b>

**Service Comments:**

Includes the estimated additional costs and Government support to be received for Covid-19 first wave.

<b>North Downs Housing</b>	<b>Revised Budget</b>	<b>Projected outturn</b>	<b>Variance</b>
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>
Indirect Expenditure	0	2,037	2,037
<b>Net (Income) / Expenditure</b>	<b>0</b>	<b>2,037</b>	<b>2,037</b>

**Service Comments:**

<b>Other Employment</b>	<b>Revised Budget</b>	<b>Projected outturn</b>	<b>Variance</b>
Direct Expenditure	517,160	553,451	36,291
Income	(467,630)	(465,630)	2,000
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>49,530</b>	<b>87,821</b>	<b>38,291</b>
Indirect Expenditure	50,160	50,166	6
<b>Net (Income) / Expenditure</b>	<b>99,690</b>	<b>137,987</b>	<b>38,297</b>

**Service Comments:**

Additional staffing costs.

<b>Unallocatable central overheads</b>	<b>Revised Budget</b>	<b>Projected outturn</b>	<b>Variance</b>
Direct Expenditure	5,653,830	3,789,080	(1,864,750)
Income	0	0	0
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>5,653,830</b>	<b>3,789,080</b>	<b>(1,864,750)</b>
Indirect Expenditure	583,830	583,830	0
<b>Net (Income) / Expenditure</b>	<b>6,237,660</b>	<b>4,372,910</b>	<b>(1,864,750)</b>

**Service Comments:**

Reflects the reduction of future years pension payments previously included.

**HOUSING REVENUE ACCOUNT SUMMARY - BUDGET MONITOR (APRIL 2020- SEPT 2020) APPENDIX 3**

<b>2018-19 Actual £</b>	<b>2019-20 Actual £</b>	<b>Analysis</b>	<b>2020-21 Estimate £</b>	<b>2020-21 Projection £</b>
		<b>Borough Housing Services</b>		
738,104	793,019	Income Collection	689,870	714,428
1,036,217	1,164,320	Tenants Services	889,510	910,166
81,030	122,998	Tenant Participation	148,900	109,224
69,865	107,717	Garage Management	101,710	103,500
59,064	41,744	Elderly Persons Dwellings	75,280	45,690
584,036	575,851	Flats Communal Services	513,530	525,500
423,867	414,254	Environmental Works to Estates	444,460	406,489
5,676,678	6,265,983	Responsive & Planned Maintenance	5,869,138	5,432,437
121,665	137,128	SOCH & Equity Share Administration	139,820	137,680
<b>8,790,527</b>	<b>9,623,015</b>		<b>8,872,218</b>	<b>8,385,113</b>
		<b>Strategic Housing Services</b>		
419,543	485,497	Advice, Registers & Tenant Selection	366,800	350,607
217,026	201,203	Void Property Management & Lettings	212,290	193,426
9,700	5,120	Homelessness Hostels	5,120	5,070
155,194	175,717	Supported Housing Management	160,730	157,169
426,311	527,717	Strategic Support to the HRA	382,440	393,804
<b>1,227,774</b>	<b>1,395,255</b>		<b>1,127,380</b>	<b>1,100,075</b>
		<b>Community Services</b>		
938,878	883,927	Sheltered Housing	915,270	894,754
		<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	148,125
343,578	36,359	Other Items	402,380	328,565
<b>17,057,407</b>	<b>22,799,267</b>	<b>Total Expenditure</b>	<b>16,992,248</b>	<b>16,385,362</b>
(31,991,396)	(32,532,978)	Income	(32,792,262)	(32,907,117)
<b>(14,933,989)</b>	<b>(9,733,711)</b>	<b>Net Cost of Services(per inc &amp; exp a/c)</b>	<b>(15,800,014)</b>	<b>(16,521,754)</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>(15,543,214)</b>	<b>(16,270,224)</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>(10,999,244)</b>	<b>(11,193,224)</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	8,530,888
(421,229)	0	Tfr (fr) to Pensions Reserve	0	0
0	0	Tfr (from)/to CAA re: Voluntary Revenue Provision	0	0
76,058	0	Tfr (from)/to CAA re: Revaluation	0	0
0	0	Tfr (from)/to CAA re: REFCUS	0	0
(30,543)	0	Tfr (from)/to CAA re: Intangible assets	0	0
(1,750)	0	Tfr (from)/to CAA re: rev. inc. from sale of asset	0	0
<b>0</b>	<b>6,150,360</b>	<b>HRA Balance</b>	<b>9,260</b>	<b>(87,336)</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>(2,490,740)</b>	<b>(2,587,336)</b>

Agenda item number: 5  
Appendix 3

<b>2018-19 Actual £</b>	<b>2019-20 Projection £</b>	<b>Analysis</b>	<b>2019-20 Estimate £</b>	<b>2019-20 Projection £</b>
		<b>Borough Housing Services</b>		
(29,236,342)	(29,570,473)	Rent Income - Dwellings	(29,977,443)	(29,979,995)
(208,349)	(208,349)	Rent Income - Rosebery Hsg Assoc	(208,350)	(286,024)
(206,530)	(225,551)	Rents - Shops, Buildings etc	(224,650)	(224,660)
(718,083)	(753,058)	Rents - Garages	(759,744)	(759,740)
<b>(30,369,304)</b>	<b>(30,757,431)</b>	<b>Total Rent Income</b>	<b>(31,170,187)</b>	<b>(31,250,419)</b>
(140,122)	(113,577)	Supporting People Grant	(107,870)	(107,870)
(1,023,033)	(1,098,353)	Service Charges	(1,102,650)	(1,112,730)
(9,144)	(15,339)	Legal Fees Recovered	(28,840)	0
(51,614)	(53,277)	Service Charges Recovered	(55,000)	(250,827)
(398,179)	(495,001)	Miscellaneous Income	(327,715)	(185,270)
<b>(31,991,396)</b>	<b>(32,532,978)</b>	<b>Total Income</b>	<b>(32,792,262)</b>	<b>(32,907,117)</b>

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

Ref	Directorate/Service and Capital Scheme name	Approved gross estimate (a) £000	Cumulative spend at 31-03-20 (b) £000	2020-21		Expenditure at end P6 (e) £000	Projected exp est by project officer (f) £000	2021-22 Est for year (ii) £000	2022-23 Est for year (iii) £000	2023-24 Est for year (iv) £000	2024-25 Est for year (v) £000	2025-26 Est for year (v) £000	Future years est exp (g) £000	Projected expenditure total (b)+(g) = (h) £000	Grants / Contributions towards cost of scheme (i) £000	Funded from Reserves	Net cost of scheme (h)-(i) = (j) £000
				Estimate approved by Council in February (c) £000	Revised estimate (d) £000												
<b>APPROVED SCHEMES</b>																	
<b>COMMUNITY DIRECTORATE</b>																	
<b>General Fund Housing</b>																	
	Disabled Facilities Grants		annual	605	605	140	605	605	605	605	605	-	2,420	3,025	(710)	-	2,315
	Better Care Fund		annual	-	-	77	-	-	-	-	-	-	-	-	-	-	-
	Home Improvement Assistance		annual	-	-	10	-	-	-	-	-	-	-	-	-	-	-
	Solar Energy Loans		annual	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	BCF TESH Project		annual	-	-	9	-	-	-	-	-	-	-	-	-	-	-
	BCF Prevention grant		annual	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	SHIP		annual	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	General Grants to HAs		annual	100	100	-	100	100	100	100	100	-	400	500	-	-	500
	General feasibility, site preparation costs for affordable housing		annual	120	120	-	120	120	120	120	120	-	480	600	-	-	600
	Bright Hill Car Park Site		43	-	-	27	-	-	-	-	-	-	-	-	-	-	-
	Garage Sites-General		161	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Shawfield					0											
	Site B10b feasibility		2	-	-	0	-	-	-	-	-	-	-	-	-	-	-
	Redevelopment bid 13		109	-	-	31	-	-	-	-	-	-	-	-	-	-	-
	Corporate Property		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
ED14(e)	Void investment property refurbishment works	570	324	170	191	-	191	-	-	-	-	-	-	570	-	-	570
	Unit 2 The Billings void works	-	-	-	36	0	36	-	-	-	-	-	-	-	-	-	-
ED14	5 High Street void works	-	-	-	19	8	2	17	-	-	-	-	17	-	-	-	-
ED14	10 Midleton void works	230	7	-	223	68	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	163	-	-	-	-	-	245	-	-	-	245
ED26	Bridges -Inspections and remedial works	317	174	-	120	-	120	-	-	-	-	-	317	-	-	-	317
ED26	Bridges - Millmead Footbridge	-	4	-	-	-	-	-	-	-	-	-	-	-	-	-	-
ED26	Bridges - Shalford Common	-	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-
ED26	Bridges - Millmead Lattice	-	18	-	-	-	-	-	-	-	-	-	-	-	-	-	-
ED26	Bridges - Shalford Rd/Millmead Island	-	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-
ED35	Electric Theatre - new boilers	120	-	-	120	-	-	120	-	-	-	-	120	120	-	-	120
ED41	The Billings roof	200	27	175	173	3	3	170	-	-	-	-	170	200	-	-	200
ED44	Broadwater cottage	319	93	-	226	46	226	-	-	-	-	-	319	-	-	-	319
ED45	Gunpowder mills - scheduled ancient monument	222	9	52	212	117	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	42	192	-	-	-	-	-	200	-	-	-	200
ED56	Foxenden Tunnels safety works	110	22	-	88	4	88	-	-	-	-	-	110	-	-	-	110
ED57	Holy Trinity Church boundary wall	63	8	-	55	42	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	3	4	116	-	-	-	-	116	120	-	-	120
<b>Office Services</b>																	
BS4	Hydro private wire - Tollhouse to Millmead	4	3	-	1	-	1	-	-	-	-	-	-	4	-	-	4
<b>COMMUNITY DIRECTORATE TOTAL</b>		<b>3,092</b>	<b>1,146</b>	<b>1,699</b>	<b>3,086</b>	<b>627</b>	<b>2,436</b>	<b>1,329</b>	<b>825</b>	<b>825</b>	<b>825</b>	<b>0</b>	<b>3,804</b>	<b>7,071</b>	<b>(810)</b>		<b>6,261</b>
<b>ENVIRONMENT DIRECTORATE</b>																	
<b>Operational Services</b>																	
OP1/OP	Flood resilience measures (use in conjunction with grant	445	324	21	121	-	121	-	-	-	-	-	445	-	-	-	445
OP5	Mill Lane (Pirbright) Flood Protection Scheme	71	55	-	16	-	16	-	-	-	-	-	71	(19)	-	-	52
OP6	Vehicles, Plant & Equipment Replacement Programme	10,665	6,099	4,220	4,566	57	4,566	-	-	-	-	-	10,665	(26)	-	-	10,639
OP22	Litter bins replacement	265	112	153	153	-	-	153	-	-	-	-	153	265	-	-	265
OP26	Merrow lane grille & headwall construction	60	3	57	57	-	57	-	-	-	-	-	60	-	-	-	60
OP27	Merrow & Burpham surface water study	15	-	-	15	-	15	-	-	-	-	-	15	-	-	-	15
OP28	Crown court CCTV	10	-	-	10	-	10	-	-	-	-	-	10	-	-	-	10
OP22	Town Centre CCTV upgrade	250	-	-	250	-	250	-	-	-	-	-	250	-	-	-	250
<b>Parks and Leisure</b>																	
PL11	Spectrum Roof replacement	4,000	1,680	-	271	72	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: Merrow	-	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	-	20	300	-	-	-	-	300	320	-	-	320
PL34	Stoke cemetery re-tarmac	47	-	47	47	-	47	-	-	-	-	-	47	-	-	-	47
PL35	Woodbridge rd sportsground replace fencing	280	262	-	19	11	19	-	-	-	-	-	280	-	-	-	280
PL42	Pre-sang costs	100	51	-	49	3	49	-	-	-	-	-	100	-	-	-	100
PL57	Parks and Countryside - repairs and renewal of paths,roads	165	121	-	44	35	44	-	-	-	-	-	165	-	-	-	165
PL24	Kings college astro turf	547	494	-	53	18	53	-	-	-	-	-	547	(401)	-	-	146
PL58	Shalford Common - regularising car parking/reduction of	121	22	99	99	-	-	99	-	-	-	-	99	121	-	-	121
	Allen House Pavilion - Roof Works	30	-	-	30	-	30	-	-	-	-	-	30	-	-	-	30

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

Ref	Directorate/Service and Capital Scheme name	Approved gross estimate	Cumulative spend at 31-03-20	2020-21				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	Funded from Reserves	Net cost of scheme
				Estimate approved by Council in February	Revised estimate	Expenditure at end P6	Projected exp est by project officer										
		(a)	(b)	(c)	(d)	(e)	(f)	(ii)	(iii)	(iv)	(v)	(v)	(g)	(b)+(g) = (h)	(i)		(h)-(i) = (j)
		£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000		£000
PL60	Traveller encampments - Bellfields Green	82	62	10	20	15	20	-	-	-	-	-	82	-			82
PL60	Traveller encampments - Shalford Common	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>218</b>	<b>5,401</b>	<b>798</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>798</b>	<b>16,901</b>	<b>(448)</b>		<b>16,453</b>
<b>FINANCE DIRECTORATE</b>																	
FS1	Financial Services Capital contingency fund	annual	-	5,000	5,000	-	5,000	5,000	5,000	5,000	5,000	-	20,000	25,000	-		25,000
<b>RESOURCES DIRECTORATE TOTAL</b>		<b>0</b>	<b>0</b>	<b>5,000</b>	<b>5,000</b>	<b>0</b>	<b>5,000</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>25,000</b>	<b>0</b>		<b>25,000</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	3	30	403	-	-	-	-	403	450	-		450
ED18	Museum and castle development	1,652	188	1,020	1,464	14	500	-	-	-	964	-	964	1,652	-		1,652
ED52	Public Realm Scheme (Chapel Street/Castle Street/Tunsgate)	2,627	1,011	-	1,616	6	16	-	-	-	1,600	-	1,600	2,627	-	(1,615)	1,012
P5	Walnut Bridge replacement	5,098	1,667	1,593	3,414	69	3,414	17	-	-	-	-	17	5,097	(4,144)		954
ED32	Internal Estate Road - CLLR Phase 1	11,139	10,571	-	568	106	568	-	-	-	-	-	-	11,139	(5,107)		6,032
P9c	Town Centre Gateway Regeneration	3,523	50	3,480	3,473	-	-	3,473	-	-	-	-	3,473	3,523	-		3,523
	SMC(West) Phase 1	4,303	1,192	2,975	3,111	200	1,453	1,658	-	-	-	-	1,658	4,303	(3,228)		1,075
P16	A331 hotspots	3,930	269	3,146	3,661	15	3,161	500	-	-	-	-	500	3,930	(2,939)		991
P14	Town Centre Approaches	1,033	7	816	1,026	9	1,003	23	-	-	-	-	23	1,033	(700)		333
P22	Ash Bridge Land acquisition	120	104	-	16	-	16	-	-	-	-	-	-	120	-		120
P21	Ash Road Bridge	4,060	1,803	2,214	2,257	197	2,257	-	-	-	-	-	-	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	252	5,315	1,682	-	-	-	-	1,682	15,180	-		15,180
	Equity shares in Guildford Holdings Ltd (40%)	10,120	5,460	3,000	3,543	169	3,543	1,117	-	-	-	-	1,117	10,120	-		10,120
ED25	Guildford Park - Housing for Private and infrastructure works	6,500	3,444	3,462	3,056	197	250	2,806	-	-	-	-	2,806	6,500	-		6,500
ED49	Middleton Ind Est Redevelopment	9,350	1,895	5,500	7,455	930	3,755	3,700	-	-	-	-	3,700	9,350	-		9,350
P12	Strategic property acquisitions	8,520	7,024	-	1,496	73	1,496	-	-	-	-	-	-	8,520	-		8,520
DF1	Investment property acquisition	20,000	-	20,000	20,000	-	20,000	-	-	-	-	-	-	20,000	-	-	20,000
PL9	Rebuild Crematorium	11,822	10,381	-	1,441	198	1,441	-	-	-	-	-	-	11,822	-		11,822
ED27	North Street Development / Guild Town Centre regeneration	1,477	861	736	616	54	616	-	-	-	-	-	-	1,477	(50)		1,427
ED6	Slyfield Area Regeneration Project (SARP)	21,006	5,202	700	6,483	2,858	6,483	1,096	-	-	-	-	1,096	21,206	(1,528)		19,678
ED6	WUV - Allotment relocation	200	158	160	-	16	-	-	-	-	-	-	-	-	-		-
ED6	WUV - Int roads, Site clearance	-	1	-	-	-	-	-	-	-	-	-	-	-	-		-
ED6	WUV - New GBC Depot	2,548	0	-	2,548	2	2,548	-	-	-	-	-	-	2,548	-		2,548
ED6	WUV - Thames Water relocation	-	8,267	-	-	436	-	-	-	-	-	-	-	-	-		-
ED6	WUV - Land Purchase	-	-	-	-	1,091	-	-	-	-	-	-	-	-	-		-
<b>DEVELOPMENT/INCOME GENERATING/COST REDUCTION</b>		<b>145,158</b>	<b>67,755</b>	<b>53,582</b>	<b>73,491</b>	<b>6,894</b>	<b>57,864</b>	<b>16,975</b>	<b>0</b>	<b>0</b>	<b>2,564</b>	<b>0</b>	<b>19,539</b>	<b>145,158</b>	<b>(21,755)</b>	<b>(1,615)</b>	<b>121,787</b>
<b>APPROVED SCHEMES TOTAL</b>		<b>166,051</b>	<b>79,603</b>	<b>65,188</b>	<b>87,776</b>	<b>7,739</b>	<b>70,701</b>	<b>24,102</b>	<b>5,825</b>	<b>5,825</b>	<b>8,389</b>	<b>0</b>	<b>44,141</b>	<b>194,131</b>	<b>(23,014)</b>	<b>(1,615)</b>	<b>169,502</b>
non-development projects total		20,893	11,848	11,606	14,285	845	12,837	7,127	5,825	5,825	5,825	0	24,602	48,973	(1,258)	0	47,714
development/infrastructure - non-financial benefit		38,435	16,879	15,524	21,539	618	12,418	6,574	0	0	2,564	0	9,138	38,435	(20,177)	(1,615)	16,642
development- financial benefit		103,975	42,451	38,058	51,952	6,276	45,446	10,401	0	0	0	0	10,401	106,723	(1,578)	0	105,145
<b>TOTAL</b>		<b>163,303</b>	<b>71,178</b>	<b>65,188</b>	<b>87,776</b>	<b>7,739</b>	<b>70,701</b>	<b>24,102</b>	<b>5,825</b>	<b>5,825</b>	<b>8,389</b>	<b>0</b>	<b>44,141</b>	<b>194,131</b>	<b>(23,014)</b>	<b>(1,615)</b>	<b>169,502</b>

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

Ref	Directorate / Service Units Capital Schemes	Gross estimate approved by Executive (£000)	Cumulative spend at 31-03-20 (£000)	2020-21		Expenditure at end P6 (£000)	Projected exp est by project officer (£000)	2021-22 Est for year (£000)	2022-23 Est for year (£000)	2023-24 Est for year (£000)	2024-25 Est for year (£000)	2025-26 Est for year (£000)	Future years estimated expenditure (£000)	Projected expenditure total (£000)	Grants or Contributions towards cost of scheme (£000)	Net total cost of scheme to the Council (£000)
				Estimate approved by Council in February (£000)	Revised estimate (£000)											
				(a)	(b)											
<b>PROVISIONAL SCHEMES (schemes approved in principle; further report to the Executive required)</b>																
<b>COMMUNITY DIRECTORATE</b>																
<b>General Fund Housing</b>																
CM1(p)	Old Manor House - replacement windows	193	-	193	193	-	-	193	-	-	-	-	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(p)	Westfield/Moorfield rd resurfacing	3,152	-	3,152	3,152	-	-	-	-	3,152	-	-	3,152	3,152	-	3,152
ED53(p)	Tyting Farm Land-removal of barns and concrete hardstanding	50	-	-	50	-	-	-	-	-	-	-	-	-	-	-
ED56(p)	Land to the rear of 39-42 Castle Street	10	-	-	10	-	-	10	-	-	-	-	10	10	-	10
CP4	New House works	416	-	416	416	-	-	-	-	-	-	-	-	-	-	-
CP5	Energy & CO2 reduction in Council non HRA properties	2,268	-	268	268	-	268	500	500	500	500	2,000	2,268	-	2,268	
<b>Office Services</b>																
CD3(P)	Renewables	65	-	-	65	-	-	-	-	-	-	-	-	65	-	65
BS3(p)	Millmead House - M&E plant renewal	33	-	-	-	-	-	33	-	-	-	-	33	33	-	33
BS4(p)	Hydro private wire - Tollhouse to Millmead	82	-	-	82	-	-	82	-	-	-	-	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>333</b>	<b>1,145</b>	<b>543</b>	<b>4,752</b>	<b>500</b>	<b>-</b>	<b>6,940</b>	<b>7,273</b>	<b>-</b>	<b>7,273</b>
<b>ENVIRONMENT DIRECTORATE</b>																
<b>Operational Services</b>																
OP5(P)	Mill Lane (Pirbright) Flood Protection Scheme	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
<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	-	51	30	-	-	-	-	30	81	(59)	22
PL55(p)	Sutherland Memorial Park - electrical works COMPLETE	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
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>239</b>	<b>3,004</b>	<b>542</b>	<b>742</b>	<b>-</b>	<b>-</b>	<b>4,288</b>	<b>4,565</b>	<b>(79)</b>	<b>4,486</b>
<b>DEVELOPMENT/INCOME GENERATING/COST REDUCTION PROJECTS</b>																
<b>Development / Infrastructure</b>																
ED18(P)	Guildford Museum	16,810	-	16,810	16,810	-	-	-	-	-	16,810	-	16,810	16,810	(11,800)	5,010
Investment in North Downs Housing		30,100	-	-	-	-	-	5,518	12,539	-	-	-	18,057	18,057	-	18,057
Equity shares in Guildford Holdings Ltd		-	-	-	-	-	-	3,683	8,360	-	-	-	12,043	12,043	-	12,043
P10(p)	Sustainable Movement Corridor	6,045	-	-	-	-	-	-	-	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 Gyrotory & approaches	10,967	-	3,500	3,500	-	-	-	3,500	3,967	-	-	10,967	10,967	(5,000)	5,967
P15(p)	Guildford bike share	530	-	-	530	-	-	100	430	-	-	-	530	530	-	530
P17(p)	Bus station relocation	500	-	500	500	-	500	-	-	-	-	-	-	500	-	500
P21(p)	Ash Road Bridge	18,440	-	18,440	18,440	-	-	18,440	-	-	-	-	18,440	18,440	(18,440)	-
P21(p)	Ash Road Footbridge	4,800	-	4,800	4,800	-	-	4,800	-	-	-	-	4,800	4,800	(4,800)	-
<b>Development Financial</b>																
ED25(P)	Guildford Park - Housing for Private and infrastructure works	23,125	-	4,380	4,380	-	-	4,380	11,625	7,120	-	-	23,125	23,125	-	23,125
ED49(p)	Redevelop Middleton industrial estate	5,557	-	5,557	5,557	-	-	5,557	-	-	-	-	5,557	5,557	-	5,557
PL51(p)	Stoke Park - Home Farm Redevelopment	4,000	-	-	-	-	-	-	-	4,000	-	-	4,000	4,000	-	4,000
ED16(P)	Slyfield Area Regeneration Project (SARP) (GBC share)	324,879	-	-	9,698	-	9,698	41,119	73,340	42,772	37,547	34,881	315,181	324,879	(53,715)	271,164
ED38(P)	North Street development	1,500	-	29,090	500	-	500	1,000	-	-	-	-	1,000	1,500	-	1,500
HC4(p)	Bright Hill Development	13,500	-	500	680	-	-	680	5,000	7,000	820	-	13,500	13,500	-	13,500
P12(p)	Strategic property acquisitions	23,292	-	9,492	9,492	-	9,492	13,800	-	-	-	-	13,800	23,292	-	23,292
DF1	Investment property acquisition	20,000	-	-	-	-	-	10,000	10,000	-	-	-	20,000	20,000	-	20,000
<b>DEVELOPMENT/INCOME GENERATING/COST REDUCTION PROJECTS TOTAL</b>		<b>508,745</b>	<b>-</b>	<b>94,769</b>	<b>76,587</b>	<b>-</b>	<b>20,190</b>	<b>110,077</b>	<b>126,794</b>	<b>69,115</b>	<b>62,166</b>	<b>34,881</b>	<b>488,555</b>	<b>508,745</b>	<b>(97,505)</b>	<b>411,240</b>
<b>PROVISIONAL SCHEMES - GRAND TOTALS</b>		<b>528,833</b>	<b>38</b>	<b>102,356</b>	<b>85,383</b>	<b>-</b>	<b>20,762</b>	<b>114,226</b>	<b>127,879</b>	<b>74,609</b>	<b>62,666</b>	<b>34,881</b>	<b>499,783</b>	<b>520,583</b>	<b>(97,584)</b>	<b>422,999</b>
<b>non development projects</b>																
development/infrastructure - non-financial benefit		92,892	0	45,750	46,280	0	500	33,541	26,829	8,223	23,799	0	92,992	92,892	(43,790)	49,102
development- financial benefit		415,853	0	49,019	30,307	0	19,690	76,536	99,965	60,892	38,367	34,881	396,163	415,853	(53,715)	362,138
<b>TOTAL</b>		<b>528,833</b>	<b>38</b>	<b>102,356</b>	<b>85,383</b>	<b>0</b>	<b>20,762</b>	<b>114,226</b>	<b>127,879</b>	<b>74,609</b>	<b>62,666</b>	<b>34,881</b>	<b>499,783</b>	<b>520,583</b>	<b>(97,584)</b>	<b>422,999</b>

This page is intentionally left blank



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

Ref	Service Units / Capital Schemes	Approved gross estimate	Cumulative spend at 31-03-20	2020-21 Estimate approved by Council in February	Revised estimate	Expenditure at end P6	Projected expenditure 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
		(a) £000	(b) £000	(c) £000	(d)	(e) £000	(f) £000	(i) £000	(ii) £000	(iii) £000	(iv) £000	(v) £000	(g) £000	(b)+(g) = (h) £000	(i) £000	(h)-(i) = (j) £000
	<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 imp	36	20	-	16	-	16	-	-	-	-	-	-	36	(36)	-
S-PL38	Chantry Wood Campsite	36		-	36	-	36	-	-	-	-	-	-	36	(36)	-
S-PL47	Fir Tree Garden	28	4	-	24	-	24	-	-	-	-	-	-	28	(28)	-
S-PL48	Boardwalk Heathfield Nature Reserve	13			13	-	13							13	(13)	
S-PL49	Waterside Playarea Muti Unit	30			30		30							30	(30)	
	<b>ENVIRONMENT DIRECTORATE TOTAL</b>	<b>143</b>	<b>24</b>	<b>-</b>	<b>119</b>	<b>-</b>	<b>119</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>143</b>	<b>(143)</b>	<b>-</b>
	<b>APPROVED S106 SCHEMES TOTAL</b>	<b>143</b>	<b>24</b>	<b>-</b>	<b>119</b>	<b>-</b>	<b>119</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>143</b>	<b>(143)</b>	<b>-</b>

SUMMARY	
APPROVED S106 SCHEMES - TOTAL	
<b>GRAND TOTAL</b>	

24	-	119	-	119	-	-	-	-	-	-	-	-	143	(143)	-
<b>24</b>	<b>-</b>	<b>119</b>	<b>-</b>	<b>119</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>143</b>	<b>(143)</b>	<b>-</b>

This page is intentionally left blank

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 P6	Projected exp est by project officer	2021-22 Est for year	2022-23 Est for year	2023-24 Est for year	2024-25 Est for year	2025-26 Est for year	Future years est exp	Projected expenditure total
		(a) £000	(b) £000	(c) £000	£000	(e) £000	(f) £000	(i) £000	(ii) £000	(iii) £000	(iv) £000	(v) £000	(g) £000	(b)+(g) = (h) £000
<b>COMMUNITY DIRECTORATE</b>														
<b>ENERGY PROJECTS per SALIX RESERVE:(PR220)</b>														
R-EN10	LED Lighting replacement	80	61	-	19	-	19	-	-	-	-	-	-	80
R-EN11	WRD energy reduction	70	-	-	70	-	70	-	-	-	-	-	-	70
R-EN12	LED lighting	44	-	44	44	-	44	-	-	-	-	-	-	44
R-EN13	ASHP CAB	28	-	-	-	-	-	28	-	-	-	-	28	28
<b>ENERGY PROJECTS per GBC INVEST TO SAVE RESERVE: GBC 'Invest to Save' energy projects (to be repaid in line with savings)</b>														
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>241</b>	<b>55</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>55</b>	<b>460</b>
<b>BUDGET PRESSURES RESERVE</b>														
Future Guildford implementation team		2,600	-	1,600	2,600	-	2,600	-	-	-	-	-	-	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>2,600</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,600</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	-	-	3	-	-	-	-	-	-	-	-
R-IT2	Software	annual	annual	-	-	246	-	-	-	-	-	-	-	-
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	(25)	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>254</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>														
P1R-CP2	Car parks - install/replace pay-on-foot equipment	1,170	240	-	930	-	100	830	-	-	-	-	830	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	-	-	2,000	-	-	-	-	2,000	2,000
R-CP14	Lift replacement (PR000293)	841	307	187	534	63	534	-	-	-	-	-	-	841
R-CP17	Leapale rd MSCP drainage (PR000433)	90	26	-	64	-	16	-	-	-	-	-	-	42
R-CP19	Structural works to MSCP	300	50	-	250	-	100	-	-	-	-	-	-	150
R-CP20	MSCP- Deck surface replacement & barriers	652	526	-	126	-	83	-	-	-	-	-	-	609

Agenda item number: 5  
Appendix 7

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

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 P6	Projected exp est by project officer	2021-22 Est for year	2022-23 Est for year	2023-24 Est for year	2024-25 Est for year	2025-26 Est for year	Future years est exp	Projected expenditure total
		(a) £000	(b) £000	(c) £000	£000	(e) £000	(f) £000	(i) £000	(ii) £000	(iii) £000	(iv) £000	(v) £000	(g) £000	(b)+(g) = £000
R-CP21	Additional barriers Farnham Rd	15		15	15		15		-	-	-	-	-	15
R-CP22	Deck surface replacement (stair cores)Farnham Rd	70		70	70		70		-	-	-	-	-	70
R-CP23	Deck surface replacement Leapale Rd	400		400	400		400		-	-	-	-	-	400
R-CP24	Signage replacement Leapale Rd	30		30	30		30		-	-	-	-	-	30
R-CP25	Structural repairs roof turret timbers Castle St	60		60	60		60		-	-	-	-	-	60
	<b>CAR PARKS RESERVE TOTAL</b>	<b>5,953</b>	<b>1,401</b>	<b>1,762</b>	<b>3,485</b>	<b>63</b>	<b>1,414</b>	<b>2,830</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,830</b>	<b>5,644</b>
	<b>SPA RESERVE :</b> SPA schemes (various)	100	annual	-	151	-	151	-	-	-	-	-	-	151
R-SPA1	Chantry Woods					-	-							-
R-SPA2	Effingham					-	-							-
R-SPA3	Lakeside					-	-							-
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>320</b>	<b>6,314</b>	<b>3,385</b>	<b>500</b>	<b>500</b>	<b>-</b>	<b>-</b>	<b>4,385</b>	<b>14,782</b>

Appendix 5  
Appendix 5  
Appendix 5  
Appendix 5  
Appendix 5

Page 204

## GENERAL FUND CAPITAL PROGRAMME : SUMMARY OF RESOURCES AND FINANCIAL IMPLICATIONS

### 1.0 AVAILABILITY OF RESOURCES - NOTES :

1.1 The following balances have been calculated taking account of estimated expenditure on the approved capital schemes

1.2 The actuals for 2019-20 have not been audited.

### 1.3 Funding assumptions:

1. All capital expenditure will be funded in the first instance from available capital receipts and the General Fund capital programme reserve.
2. Once the above resources have been exhausted in any given year, the balance of expenditure will be financed from borrowing, both internally and externally, depending upon the Council's financial situation at the time.

1.4 These projections are based on estimated project costs, some of which will be 'firmed up' in due course. Any variations to the estimates and the phasing of expenditure will affect year on year funding projections.

### 2.0 Capital receipts - Balances (T01001)

	2019-20 Actuals £000	2020-21 Budget £000	2020-21 Est Outturn £000	2021-22 Estimate £000	2022-23 Estimate £000	2023-24 Estimate £000	2024-25 Estimate £000	2025-26 Estimate £000
Balance as at 1 April	40	0	95	95	0	0	0	21,641
Add estimated usable receipts in year	12,087	0	1,250	0	0	0	21,641	22,117
Less applied re funding of capital schemes	(12,032)	0	(1,250)	(95)	0	0	0	0
<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>43,758</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 Actuals £000	2020-21 Budget £000	2020-21 Est Outturn £000	2021-22 Estimate £000	2022-23 Estimate £000	2023-24 Estimate £000	2024-25 Estimate £000	2025-26 Estimate £000
Estimated capital expenditure								
Main programme - approved	45,685	65,188	70,701	24,102	5,825	5,825	8,389	0
Main programme - provisional s106	0	102,356	20,762	114,226	127,879	74,609	62,666	34,881
Reserves	86	0	119	0	0	0	0	0
GF Housing	2,300	3,984	6,314	3,385	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>97,896</b>	<b>141,713</b>	<b>134,204</b>	<b>80,934</b>	<b>71,055</b>	<b>34,881</b>
<b>To be funded by:</b>								
Capital receipts (per 2.above)	(18,111)	0	(1,250)	(95)	0	0	0	0
Contributions	(8,421)	(41,368)	(12,188)	(52,251)	(12,015)	(9,400)	(2,350)	0
R.C.C.O. :								
Other reserves	(2,300)	(4,204)	(10,001)	(3,605)	(720)	(720)	0	0
	0	0	0	0	0	0	0	0
	(28,832)	(45,572)	(23,439)	(55,951)	(12,735)	(10,120)	(2,350)	0
Balance of funding to be met from (i) the Capital Reserve, and (ii) borrowing	(19,239)	(125,956)	(74,456)	(85,762)	(121,469)	(70,814)	(68,705)	(34,881)
<b>Total funding required</b>	<b>(48,071)</b>	<b>(171,528)</b>	<b>(97,896)</b>	<b>(141,713)</b>	<b>(134,204)</b>	<b>(80,934)</b>	<b>(71,055)</b>	<b>(34,881)</b>

Page 206

### 4.0 General Fund Capital Schemes Reserve (U01030)

Balance as at 1 April  
Add: General Fund Revenue Budget variations  
Contribution from revenue

Less: Applied re funding of capital programme

Balance after funding capital expenditure etc.as at 31 March

	2019-20 Actuals £000	2020-21 Budget £000	2020-21 Est Outturn £000	2021-22 Estimate £000	2022-23 Estimate £000	2023-24 Estimate £000	2024-25 Estimate £000	2025-26 Estimate £000
Balance as at 1 April	894	0	0	0	0	0	0	0
Add: General Fund Revenue Budget variations	0	0	0	0	0	0	0	0
Contribution from revenue	0	0	0	0	0	0	0	0
	894	0	0	0	0	0	0	0
Less: Applied re funding of capital programme	(894)	0	0	0	0	0	0	0
<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

	18,346	125,956	74,456	85,762	121,469	70,814	68,705	34,881
--	--------	---------	--------	--------	---------	--------	--------	--------

Agenda item number: 5  
Appendix 8

## GENERAL FUND CAPITAL PROGRAMME : SUMMARY OF RESOURCES AND FINANCIAL IMPLICATIONS

### 5.0 Housing capital receipts (pre 2013-14) - estimated availability/usage for Housing, Affordable Housing and Regeneration projects - GBC policy

	2019-20 Actuals £000	2020-21 Budget £000	2020-21 Est Outturn £000	2021-22 Estimate £000	2022-23 Estimate £000	2023-24 Estimate £000	2024-25 Estimate £000	2025-26 Estimate £000
Balance as at 1 April (T01008)	9,559	6,760	3,618	(0)	0	0	0	0
Add: Estimated receipts in year	0	0	0	0	0	0	0	0
Less: Applied re Housing (General Fund) capital programme	0	0	0	0	0	0	0	0
Less: Applied re Housing company	(5,941)	(6,760)	(3,618)	0	0	0	0	0
	3,618	0	(0)	0	0	0	0	0
Less: Applied on regeneration schemes	0	0	0	0	0	0	0	0
<b>Housing receipts - estimated balance in hand at year end</b>	<b>3,618</b>	<b>0</b>	<b>(0)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

	2019-20 Actuals £000	2020-21 Budget £000	2020-21 Est Outturn £000	2021-22 Estimate £000	2022-23 Estimate £000	2023-24 Estimate £000	2024-25 Estimate £000	2025-26 Estimate £000
Balance as at 1 April (T01008)	9,559	6,760	3,618	(0)	0	0	0	0
Add: Estimated receipts in year	0	0	0	0	0	0	0	0
Less: Applied re Housing (General Fund) capital programme	0	0	0	0	0	0	0	0
Less: Applied re Housing company	(5,941)	(6,760)	(3,618)	0	0	0	0	0
	3,618	0	(0)	0	0	0	0	0
Less: Applied on regeneration schemes	0	0	0	0	0	0	0	0
<b>Housing receipts - estimated balance in hand at year end</b>	<b>3,618</b>	<b>0</b>	<b>(0)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

### 5.1 Housing capital receipts (post 2013-14) - estimated availability/usage for Housing, Affordable Housing and Regeneration projects only (statutory (impact CFR))

	2019-20 Actuals £000	2020-21 Budget £000	2020-21 Est Outturn £000	2021-22 Estimate £000	2022-23 Estimate £000	2023-24 Estimate £000	2024-25 Estimate £000	2025-26 Estimate £000
Balance as at 1 April (T01012)	0	0	0	0	0	0	0	0
Add: Estimated receipts in year	520	289	520	289	292	295	298	301
Less: Applied re Housing (General Fund) capital programme	(139)	(220)	(220)	(220)	(220)	(220)	(220)	(220)
Less: Applied re Housing Improvement programme	(381)	(69)	(299)	(69)	(72)	(75)	(78)	(81)
	0	0	0	0	0	0	0	0
Less: Applied on regeneration schemes	0	0	0	0	0	0	0	0
<b>Housing receipts - estimated balance in hand</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>

	2019-20 Actuals £000	2020-21 Budget £000	2020-21 Est Outturn £000	2021-22 Estimate £000	2022-23 Estimate £000	2023-24 Estimate £000	2024-25 Estimate £000	2025-26 Estimate £000
Balance as at 1 April (T01012)	0	0	0	0	0	0	0	0
Add: Estimated receipts in year	520	289	520	289	292	295	298	301
Less: Applied re Housing (General Fund) capital programme	(139)	(220)	(220)	(220)	(220)	(220)	(220)	(220)
Less: Applied re Housing Improvement programme	(381)	(69)	(299)	(69)	(72)	(75)	(78)	(81)
	0	0	0	0	0	0	0	0
Less: Applied on regeneration schemes	0	0	0	0	0	0	0	0
<b>Housing receipts - estimated balance in hand</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>

Total £'000s

### 6.1 Estimated annual borrowing requirement

Bids for funding (net)

Total estimated borrowing requirement if all bids on Appendix 1 approved

	2019-20	2020-21	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
Estimated annual borrowing requirement	18,346	125,956	74,456	85,762	121,469	70,814	68,705	34,881
Bids for funding (net)		0	0	0	0	0	0	0
<b>Total estimated borrowing requirement if all bids on Appendix 1 approved</b>		<b>125,956</b>	<b>74,456</b>	<b>85,762</b>	<b>121,469</b>	<b>70,814</b>	<b>68,705</b>	<b>34,881</b>

This page is intentionally left blank



GUILDFORD B.C. - HOUSING INVESTMENT PROGRAMME 2020-21 to 2025-26: HRA APPROVED PROGRAMME

	Project Budget £000	2019-20 Actual £000	Project Spend at 31-03-20 £000	2020-21 Estimate £000	Carry Forward	Expenditure as at P6 £000	2020-21 Projected Outturn £000	2021-22 Estimate £000	2022-23 Estimate £000	2023-24 Estimate £000	2024-25 Estimate £000	2025-26 Estimate £000	Total Project Exp £000
<b>Acquisition of Land &amp; Buildings</b>	10,700	1,218	2,138	1,800	1,362	1,324	3,162	1,800	1,800	1,800	0	0	10,700
<b>New Build</b>													
Guildford Park	75	0	75	0	0	205	0	0	0	0	0	0	75
Appletree pub site	3,200	719	3,483	0	(283)	4	(283)	0	0	0	0	0	3,200
Slyfield Green (Corporation Club)	2,448	61	2,437	0	11	0	11	0	0	0	0	0	2,448
Willow Way	1,000	2	954	0	46	0	46	0	0	0	0	0	1,000
Garage sites-	2,500		0	0	110			0	0	0	0	0	0
Pond Meadow		9	571	0	0	0	110						681
Rowan Close		9	558	0	0	0	0						558
Great Goodwin Drive		57	1,002	0	0	0	0						1,002
The Homestead	500	4	760	0	0	0	0	0	0	0	0	0	760
Fire Station/Ladymead	2,000	1,257	1,900	25	75	4	100	0	0	0	0	0	2,000
Bright Hill	500	0	0	500	0	0	500	0	0	0	0	0	500
Various small sites & feasibility/Site preparation	1,000		0	0	0	0	0	0	0	0	1,000	0	1,000
Pipeline projects	9,425	55	55	2,250	95	20	2,345	3,325	1,825	1,875	0	0	9,425
Redevelopment bid 13	533			533	0	0	533						533
Redevelopment bid 14	300			250	50	1	300						300
<b>Schemes to promote Home-Ownership</b>													
Equity Share Re-purchases	annual	155..397	annual	400	0	126	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		331	1,900						annual
Doors and Windows	annual	76	annual	300	370	16	670						annual
Structural/Roof	annual	260	annual	525	295	70	820						annual
Energy efficiency: Central heating/Lighting	annual	1,146	annual	1,000		278	1,000						annual
General	annual	1,891	annual	1,870	116	219	1,986						annual
<b>Grants</b>													
Cash Incentive Scheme	annual	0	annual	75	0	0	75						annual
<b>TOTAL APPROVED SCHEMES</b>	<b>34,181</b>	<b>8,414</b>	<b>13,931</b>	<b>11,468</b>	<b>2,248</b>	<b>2,596</b>	<b>13,716</b>	<b>5,525</b>	<b>4,025</b>	<b>4,075</b>	<b>1,400</b>	<b>400</b>	<b>34,181</b>

This page is intentionally left blank

GUILDFORD B.C. - HOUSING INVESTMENT PROGRAMME 2019-20 to 2023-24: HRA PROVISIONAL PROGRAMME

	Project Budget £000	2019-20 Actual £000	Project Spend at 31-03-19 £000	2020-21 Estimate £000	Carry Forward	2020-21 Projected Outturn £000	2021-22 Estimate £000	2022-23 Estimate £000	2023-24 Estimate £000	2024-25 Estimate £000	2025-26 Estimate £000	Total Project Exp £000
<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	14,499	26	0	0	0	16,000
Bright Hill	3,000	0	0	1,500	0	0	3,000	0	0	0	0	3,000
Slyfield (25/26 £5m; 26/27 £44m)	1,000	0	0	0	0	0	0	1,000	0	0	0	1,000
Redevelopment bid 13	10,124			3,197		0	9,058	1,066	0	0	0	10,124
Redevelopment bid 14	3,000			1,000		0	2,500	500	0	0	0	3,000
<b>Major Repairs &amp; Improvements</b>												
Major Repairs & Improvements	annual		annual	0		0	5,500	5,500	5,500	5,500	5,500	annual
Retentions & minor carry forwards	annual		annual									annual
Modern Homes: Kitchens and bathrooms	annual		annual									annual
Doors and Windows	annual		annual									annual
Structural	annual		annual									annual
Energy efficiency: Central heating	annual		annual									annual
General	annual		annual									annual
<b>Grants</b>												
Cash Incentive Scheme	annual		annual	0		0	75	75	75	75	75	annual
<b>Total Expenditure to be financed</b>	<b>43,124</b>	<b>318</b>	<b>1,225</b>	<b>12,457</b>	<b>788</b>	<b>250</b>	<b>37,632</b>	<b>11,167</b>	<b>9,575</b>	<b>5,575</b>	<b>5,575</b>	<b>43,124</b>

This page is intentionally left blank