GUILDFORD BOROUGH

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Tom Horwood
Joint Chief Executive
Guildford & Waverley
Borough Councils

Contact Officer:

Carrie Anderson, Senior Democratic
Services Officer

15 November 2023

Dear Councillor,

Your attendance is requested at a meeting of the **EXECUTIVE** to be held in the Council Chamber, Millmead House, Millmead, Guildford, Surrey GU2 4BB on **THURSDAY, 23 NOVEMBER 2023** at 6.00 pm.

Yours faithfully

Tom Horwood
Joint Chief Executive
Guildford & Waverley
Borough Councils

MEMBERS OF THE EXECUTIVE

Chairman:
Councillor Julia McShane (Leader of the Council & Lead Councillor for Housing)

Vice-Chairman:
Councillor Tom Hunt (Deputy Leader of the Council & Lead Councillor for Regeneration)

Councillor Angela Goodwin, Lead Councillor for Engagement and Customer Services
Councillor Catherine Houston, Lead Councillor for Commercial Services
Councillor Richard Lucas, Lead Councillor for Finance and Property
Councillor Carla Morson, Lead Councillor for Community and Organisational Development
Councillor George Potter, Lead Councillor for Planning, Environment and Climate Change
Councillor Merel Rehorst-Smith, Lead Councillor for Regulatory and Democratic Services

Guildford Borough Council
Millmead House, Millmead, Guildford, Surrey GU2 4BB

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 (2021- 2025)

Our Vision:

A green, thriving town and villages where people have the homes they need, access to quality employment, with strong and safe communities that come together to support those needing help.

Our Mission:

A trusted, efficient, innovative, and transparent Council that listens and responds quickly to the needs of our community.

Our Values:

- We will put the interests of our community first.
- We will listen to the views of residents and be open and accountable in our decision-making.
- We will deliver excellent customer service.
- We will spend money carefully and deliver good value for money services.
- We will put the environment at the heart of our actions and decisions to deliver on our commitment to the climate change emergency.
- We will support the most vulnerable members of our community as we believe that every person matters.
- We will support our local economy.
- We will work constructively with other councils, partners, businesses, and communities to achieve the best outcomes for all.
- We will ensure that our councillors and staff uphold the highest standards of conduct.

Our strategic priorities:

<u>Homes and Jobs</u>

- Revive Guildford town centre to unlock its full potential
- Provide and facilitate housing that people can afford
- Create employment opportunities through regeneration
- Support high quality development of strategic sites
- Support our business community and attract new inward investment
- Maximise opportunities for digital infrastructure improvements and smart places technology

<u>Environment</u>

- Provide leadership in our own operations by reducing carbon emissions, energy consumption and waste

- Engage with residents and businesses to encourage them to act in more environmentally sustainable ways through their waste, travel, and energy choices
- Work with partners to make travel more sustainable and reduce congestion
- Make every effort to protect and enhance our biodiversity and natural environment.

Community

- Tackling inequality in our communities
- Work with communities to support those in need
- Support the unemployed back into the workplace and facilitate opportunities for residents to enhance their skills
- Prevent homelessness and rough-sleeping in the borough

Agenda

Item No.

1 Apologies For Absence

2 Local Code Of Conduct - Disclosable Pecuniary Interest

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, the councillor must notify the Monitoring Officer of the details of the DPI within 28 days of the date of the meeting.

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

3 Minutes (Pages 7 - 10)

To confirm the minutes of the meeting of the Executive held on 5th October 2023.

4 Leader's Announcements

5 Review of Councillors' Allowances: Report of The Independent Remuneration Panel (Pages 11 - 80) *

6 Guildford & Waverley Transformation & Collaboration Programme (Pages 81 - 122) *

7 **Adoption Of The Green Belt Supplementary Planning Document** (Pages 123 - 164) *

8 **Recycling Policy Review** (Pages 165 - 184) *

9 **Medium Term Financial Plan (MTFP) And Financial Recovery Plan - November Update Report** (Pages 185 - 202) *

10 **Capital and Investment Outturn Report 2022-23** (Pages 203 - 288)

11 **Housing Revenue Account - Revenue Outturn Report 2022-23** (Pages 289 - 308)

12 **General Fund Revenue Outturn Report 2022-23** (Pages 309 - 326)

13 **Timetable of Council And Committee Meetings 2024-25** (Pages 327 - 332)

Key Decisions:
Any item on this agenda that is marked with an asterisk is a key decision. The Council's Constitution defines a key decision as an executive decision which is likely to result in expenditure or savings of at least £200,000 or which is likely to have a significant impact on two or more wards within the Borough.

Under Regulation 9 of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012, whenever the Executive intends to take a key decision, a document setting out prescribed information about the key decision including:

- the date on which it is to be made,
- details of the decision makers,
- a list of the documents to be submitted to the Executive in relation to the matter,
- how copies of such documents may be obtained

must be available for inspection by the public at the Council offices and on the Council's website at least 28 clear days before the key decision is to be made. The relevant notice in respect of the key decisions to be taken at this meeting was published as part of the Forward Plan on 26 October 2023.

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Executive

* Councillor Julia McShane (Chairperson)
* Councillor Tom Hunt (Vice-Chair)

* Councillor Angela Goodwin
* Councillor Catherine Houston
* Councillor Richard Lucas
* Councillor Carla Morson
* Councillor George Potter
* Councillor Merel Rehorst-Smith

*Present

Councillors Yves de Contades and Bob Hughes were in remote attendance.

EX23 Apologies for Absence

None.

EX24 Local Code of Conduct - Disclosable Pecuniary Interest

No disclosable pecuniary interests were declared.

Councillor Richard Lucas declared a non-pecuniary interest in relation to Agenda Item 5 – Financial Recovery Plan – October Update Report, specifically the proposal to discontinue the Parish Councils Concurrent Functions Grants scheme. Councillor Lucas was a member of Ash Parish Council.

Councillor Carla Morson declared a non-pecuniary interest in relation to Agenda Item 5 – Financial Recovery Plan – October Update Report, specifically the proposal to discontinue the Parish Councils Concurrent Functions Grants scheme. Councillor Morson was a member of Ash Parish Council.

Councillor Merel Rehorst-Smith declared a non-pecuniary interest in relation to Agenda Item 5 – Financial Recovery Plan – October Update Report, specifically the proposal to discontinue the Parish Councils Concurrent Functions Grants scheme. Councillor Rehorst-Smith was a member of Effingham Parish Council.

EX25 Minutes

The minutes of the meeting held on 24 August 2023 were confirmed as a correct record. The Chairman signed the minutes.

EX26 Leader's Announcements

New round of funding through Crowdfund Guildford

The Leader announced that a new round of funding through Crowdfund Guildford opened this week. To support our communities, the Council was offering up to £5,000 for community led projects that helped Guildford thrive. This funding was supported by the UK Share Prosperity Fund.

First Gold win in the RSPCA PawPrints Awards

The Leader congratulated the Licencing team for winning a Gold Animal Activity Licensing Award in the RSPCA PawPrints Awards. This award was a great reflection of the hard work of our officers, who ensured our standards remained high when it came to the welfare of animals in the borough.

Ash Road Bridge drop-in sessions

The Leader announced that over 400 people had visited the Ash Road Bridge drop-in sessions at the Ash Centre on 21 and 22 September. There had been a lot of interest in the new bridge and how the roads would look in future, as well as how the work was being carried out. Residents could find out more by searching for “Ash Road Bridge” on the Council’s website.

Electoral Registration - Annual Canvass

Last weekend our canvassers started following up on households that had not responded to our annual canvass emails and letters. The Leader noted that the quickest and easiest way for electors to update their details was online, but the paper forms could also be used.

Encouraging young people to register to vote

The Leader announced that the Electoral Services team had visited Guildford College and the University of Surrey to make sure students knew how to register to vote. The team were on hand to answer questions and explain that young people could register to vote from the age of 16.

Burpham Neighbourhood Area and Forum Consultation

There was still time for residents to have their say about the proposed boundary changes and forum until midday on 12 October 2023. More information could be found in the newsroom on the Council’s website.

Turnaround in planning performance

Following intensive efforts to improve our planning performance, the Leader was pleased to announce that The Minister of State for Housing and Planning would not designate the Council for its planning performance on non-major applications. The Leader thanked the Joint Executive Head of Planning

Development and her team for all their hard work that had gone into achieving this. The Lead Councillor for Planning, Environment and Climate Change, Councillor George Potter also thanked the team for this impressive turnaround in performance, which was entirely down to their hard work and dedication and commented that there was still significant work to do to maintain and improve performance.

EX27 Financial Recovery Plan - October Update Report

The Executive noted that the 2023-24 budget agreed by the Council in February 2023 had included a £3.3m shortfall which required further work to remove the gap. The fallback position had been to deploy usable reserves. The Executive also noted that the delayed audit of the 2020-21 accounts had identified errors relating to accounting for COVID grants and the Collection Fund, which took place in 2021. These were both sums which were due to be repaid to the Government in 2021-22 rather than sums which were available for use by the Council. Consequently, the level of usable reserves was around £20m less than had been thought when the 2023-24 budget was set in February 2023. In addition, an overspend of £6.4m on the General Fund had further reduced the sums available to the Council.

An updated Medium Term Financial Position (MTPF) was presented to the Council in July 2023 which set out the key issues and the full financial position. In summary, there was a remaining in-year deficit of £1.7m and a budget gap of £18.3m over the MTFP period to 2026-27 and a potential s114 report if actions were not agreed to bring the situation back in to balance.

The Executive considered a report setting out progress to date which was introduced by the Lead Councillor for Finance and Property. The meeting heard that sufficient progress had been made since July 2023 to avoid the need for a s114 report to be issued at this point but that significant work was still required to produce a balanced budget for 2024-25 and beyond. The report included a proposal to withdraw the Parish Councils Concurrent Functions Grants scheme from 1 April 2024 which would contribute an annual saving of £90,000.

Effingham Parish Council had written to the Executive with regard to the proposed withdrawal of the grants scheme and ways and means in which parish councils generally could increase their income either via the precept or other funding opportunities were noted. It was further noted that most other councils had withdrawn this particular grant scheme some years ago and it was unusual for the Council to have maintained it for such a long period of time. The Council convened a regular liaison meeting with parish council clerks where such matters could be discussed. Under a s.114 notice situation Government commissioners would be installed to take such decisions.

There was praise for the Council's Finance team, the interim s.151 officer and the lead councillor for having realised sufficient savings to bring the Council to a balanced budget in-year position. There was also recognition that there would be further difficult decisions ahead to maintain that position whilst continuing to deliver services to residents.

The interim s151 officer addressed the meeting to explain that not only had a balanced in-year budget been achieved but that the Council could have assurance around that work. A period 4 monitoring report had been delivered to the Corporate Governance and Standards Committee the previous week. The Executive heard that a monitoring report would be generated on a monthly basis and circulated to budget holders, councillors and staff to maintain that assurance.

Therefore, the Executive

RESOLVED:

(1) to approve the second issue of the Financial Recovery Plan and to recommend that it be endorsed by Council at its meeting on 10 October 2023;

(2) to approve the discontinuation of the Parish Councils Concurrent Functions Grants scheme from 1 April 2024; and

(3) to note that the Interim s151 Officer had advised that sufficient progress had been made in the current financial year to avoid a s114 report being issued at this stage.

Reason:
To enable the Council to protect the current level of reserves and to set a balanced budget and a robust Medium-Term Financial Plan.

The meeting finished at 6.20 pm

Signed .... Date ....

Chairman

Guildford Borough Council

Executive Report

Date: 23 November 2023

Ward(s) affected: n/a

Report of Strategic Director: Transformation & Governance

Author: John Armstrong, Democratic Services & Elections Manager

Tel: 01483 444102

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Report Status: Open

Review of Councillors’ Allowances: Report of the Independent Remuneration Panel

1. Executive Summary

1.1 The Council appointed an Independent Remuneration Panel (IRP) – jointly with Waverley in October 2022 to review the existing scheme of councillors’ allowances and make recommendations for a new scheme. On 2 November 2023, the IRP concluded its review and produced its report and recommendations (attached as Appendix 1 to this report).

1.2 According to legislation, before the Council makes or amends a scheme of councillors’ allowances it must have regard to the recommendations made by the IRP. On 5 December 2023, Council is to consider the IRP’s recommendations for a new scheme of allowances, together with any recommendations of the Executive, prior to determining a new scheme of councillors’ allowances to come into effect on 1 April 2024.

2. Recommendation to Executive

The Executive is asked to make appropriate recommendations to the Council in respect of a new scheme of councillors’ allowances, taking into account the Independent Remuneration Panel's recommendations contained in its report, which are set out in full below:

(1) That the Basic Allowance payable to all members of Guildford Borough Council be £8,579 per annum.

(2) That that no councillor shall be entitled to receive at any time more than one Special Responsibility Allowance (SRA), and that where a councillor would otherwise be entitled to two or more SRAs, then only the higher-valued allowance should be received, and that this 'One SRA Only Rule' be adopted into the Scheme of Allowances.

(3) That the maximum number of recipients of SRAs at any one time does not exceed 50% of Council Members (24 Members).

(4) That the Leader of the Council should receive a Tier One Special Responsibility Allowance of 250% of the Basic Allowance, £21,448 per annum.

(5) That the Deputy Leader should receive a Tier Two Special Responsibility Allowance of 100% of the Basic Allowance, £8,579 per annum.

(6) That the Members of the Executive (excluding the Leader and Deputy Leader), the Chairman of the Planning Committee, should each receive a Tier Three Special Responsibility Allowance of 75% of the Basic Allowance, £6,434 per annum.

(7) That the level of the Mayor's Special Responsibility Allowance should also be at Tier Three (75% of the Basic Allowance, £6,434 per annum) for 2024-25 and that this allowance be reviewed again by the Independent Remuneration Panel in 12 months' time.

(8) That the Chairman of the Overview and Scrutiny Committee, the Chairman of the Corporate Governance and Standards Committee, and Political Group Leaders (of groups comprising more than 10% of members overall) should each receive a Tier

Four Special Responsibility Allowance of 50% of the Basic Allowance, £4,290 per annum.

(9) That the Chairman of the Licensing Committee, Chairmen of the Executive Advisory Boards, the Deputy Mayor, the Vice-Chairman of the Planning Committee, and Political Group Leaders (of groups comprising less than 10% of members overall) should each receive a Tier Five Special Responsibility Allowance of 25% of the Basic Allowance, £2,145 per annum.

(10) That the current Special Responsibility Allowance for Designated Licensing Sub-Committee Chairmen in respect of chairing Licensing Sub-Committee and Licensing Regulatory Sub-Committee meetings be set at £71 per meeting.

(11) That, in relation to the Mayor’s and the Deputy Mayor’s allowances payable under Sections 3 and 5 respectively of the Local Government Act 1972 to meet the expenses of their offices:

(a) the level of those allowances should remain unchanged at £8,000 and £2,000 per annum respectively;
(b) the Mayor’s Allowance be reviewed again by the Independent Remuneration Panel in 12 months’ time; and
(c) with immediate effect, the cost of the Mayor’s travel arrangements for attending certain functions where it is inadvisable for them to drive themselves should be met from the Mayor’s Allowance.

(12) That co-optees receive an allowance of 5% of the Basic Allowance, £429 per annum.

(13) That the amounts currently payable to councillors and co-opted members whilst on approved duties in respect of motor mileage and cycle allowances should continue.

(14) That councillors and co-opted members, whilst on approved duties, should continue to be reimbursed the cost of:

- second class or any available cheap rate travel using public transport on production of proof of purchase of a valid ticket;
- travel by taxi or private hire vehicle where no public transport is reasonably available or for reasons of health/disability/safety; and
- any reasonable parking charges incurred.

(15) That the Day Subsistence and Overnight Subsistence Allowances be withdrawn and that the following be included in the new scheme of allowances:

“Subsistence Allowance:

Reasonable subsistence allowances will be paid for the “Approved Duties” within the Scheme (see Appendix 2 to the IRP’s report)*, provided that:*

(a) subsistence allowances are only payable for attending approved duties outside of the Borough;
(b) refreshments are not provided as part of the meeting/function attended.
(c) meal allowances will be paid only where a member is undertaking an approved duty which involves their absence from home for a period exceeding four hours; and
(d) all claims are accompanied by valid receipts.

Overnight Accommodation:

There is no set allowance for overnight accommodation. However, councillors should endeavour to stay in accommodation which provides good value for money but, if the reason for requiring overnight accommodation is to attend a training event, conference, or similar event, councillors may stay overnight at the venue being used for that event. Receipts must be provided with all claims for reimbursement of accommodation costs.

Reimbursement of reasonable overnight accommodation costs will also only be payable for attending approved duties outside of the Borough.

By way of guidance, it is considered that accommodation costs ranging from £100 to £150 are deemed to be “reasonable”, *dependent on the location. All overnight accommodation should be pre-booked by officers wherever possible. No claims for alcoholic drinks will be reimbursed."*

(16) That a new Dependants' Carers' Allowance be included in the scheme of allowances as follows:

Level 1 (a) – A £500 annual allowance for Councillors where there is one or more children aged 12 or younger that normally reside in their household and for whom they are caring. This allowance would only be payable until the child's 13th birthday. This allowance would be taxable.

Level 1 (b) – A £500 annual allowance for Councillors where there is one or more persons that normally reside in their household and for whom they are a registered carer. This allowance would be taxable.

Level 2 – This shall be for specialist care based at cost upon production of receipts and requiring medical evidence that this type of care is required. This allowance would not be taxable and shall apply for councillors with caring responsibility for persons of any age. There shall be no limit to these claims, provided that they are made in respect of approved duties.

Councillors shall only be entitled to claim one dependants' carers' allowance (at either Level 1 (a) or (b), or Level 2) regardless of circumstances. Councillors wishing to claim for this allowance will be required to submit proof on an annual basis such as a child's birth certificate and/or official confirmation that they live at their address, being formally registered as a carer with a GP, or professional medical evidence before the Allowance will be payable.

(17) That no changes be made to the Approved Duties for which Dependants' Carers' Allowance and Travelling and Subsistence Allowance should be payable.

(18) That the approach outlined in the IRP's report to support parental leave for councillors be adopted and incorporated into the scheme of allowances.

(19) That the basic allowance, each of the SRAs, the Co-Optees' Allowance and the Dependants' Carers' Allowance be increased annually in line with the percentage increase in staff salaries until 2027, at which time the Scheme shall be reviewed again by an independent remuneration panel. Where staff salaries are increased by way of a lump sum payment, the Allowances referred to above shall be adjusted by applying an average percentage increase.

(20) That the new scheme of allowances to be agreed by the Council in December 2023 be implemented with effect from the beginning of the 2024-25 financial year, at which time the current scheme of allowances will be revoked.

3. Reason for Recommendation

In order to comply with the requirements of The Local Authorities (Members' Allowances) (England) Regulations 2003 (as amended).

4. Exemption from publication

4.1. None

5. Purpose of Report

5.1 To enable the Executive to make recommendations to the Council at its meeting on 5 December 2023 in connection with the review of the scheme of councillors' allowances conducted recently by the Council's Independent Remuneration Panel (IRP).

6. Strategic Priorities

6.1 The appointment of an independent remuneration panel to review and make recommendations on the scheme of councillors' allowances demonstrates that the Council's work is publicly accountable and presented with openness and transparency.

6.2 The delivery of the IRP's review of the scheme of allowances supports the Council's strategic framework by ensuring payments to councillors are reflective of their roles and responsibilities. It will help to ensure allowances are set at a level that facilitates suitably able, qualified, and representative people standing as candidates for Council (and their retention and development once elected).

7. Background

7.1 The current Scheme of Councillors' Allowances, contained within Part 6 of the Constitution, has been operating (with index-linked updates) since April 2020.

7.2 In October 2022, the Council complied with the requirements of Section 99 of the Local Government Act 2000 and The Local Authorities (Members' Allowances) (England) Regulations 2003, ("the 2003 Regulations") by appointing an independent remuneration panel, jointly with Waverley, comprising Vivienne Cameron, Dennis Frost and Gordon Manickam. Both councils agreed to appoint two further panel members, and in February 2023, Council formally approved the appointment of Rodney Bates and Paul Marcus to the panel.

7.3 The IRP was tasked with reviewing the existing scheme of allowances and making recommendations in respect of a new scheme. This review included the allowances payable to the Mayor and Deputy Mayor of Guildford under separate legislation[1] to meet the expenses of their offices.

7.4 The IRP conducted their review between September and October 2023 and have now produced their report and recommendations, a copy of which is attached as **Appendix 1**. The Chairman of the IRP, Dennis Frost and other panel members have been invited to attend the meeting to respond to councillors' queries/questions/requests for clarification.

7.5 To comply with the requirements of the 2003 Regulations, details of the IRP's recommendations were published in the *Surrey Advertiser* and online on 17 November 2023. A copy of the IRP's report is also available for viewing on the Council's website[2].

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[1] Sections 3 and 5 of the Local Government Act 1972

[2] https://www.guildford.gov.uk/article/18872/Councillors-allowances

8. Equality and Diversity Implications

8.1 A screening Equalities Impact Assessment (EIA) has taken place and the section below is drawn from that document.

8.2 The purpose of the scheme of allowances is to create a schedule of remuneration that will support and enable councillors to execute their roles across a range of governance duties and responsibilities. A successful scheme will enable any local person, regardless of their income and status, to be able to stand for election and fulfil the roles of office without experiencing the deterrent of financial disadvantage.

8.3 A successful scheme of allowances will assist in increasing the diversity of councillors, to better reflect the communities they represent and serve.

8.4 In addition, a scheme of allowances should encourage local democratic participation.

9. Financial Implications

9.1 If the IRP's recommendations are adopted, the following provision would need to be made in the 2024-25 revenue budget:

	£
Basic Allowance	411,792
Special Responsibility Allowances	131,542
Co-Optees' Allowance	2,574
Employer's National Insurance	1,814
Travelling & Subsistence Allowance (est)	5,000
Dependants' Carers' Allowance (est)	2,500
Total:	**555,222**

10. Legal Implications

10.1 The allowances payable to councillors are matters for local determination. While the Council has a duty under the 2003

Regulations to have regard to recommendations made to it by the IRP before it makes or amends the scheme of allowances, it is not bound to follow those recommendations.

10.2 The Council is also required to publish a notice in the local press setting out the main features of the Panel's recommendations (which was placed in the *Surrey Advertiser* on 17 November 2023) and a further notice once the Council has adopted a new scheme of allowances.

10.3 Under paragraph 16 (iv) of the Council's adopted Code of Conduct for Councillors, there is no requirement for councillors to disclose any pecuniary interest in respect of business relating to the scheme of allowances.

11. Human Resource Implications

11.1 There are no significant human resource implications.

12. Climate Change/Sustainability Implications

12.1 There are no significant implications for climate change or sustainability.

13. Conclusion

13.1 Having received the IRP's report, the Council must now consider the recommendations and agree a new scheme of councillors' allowances for implementation with effect from the beginning of the 2024-25 financial year.

13.2 Taking account of the recommendations in the IRP's report, officers have drafted a written scheme of allowances incorporating the various provisions required to be included (see **Appendix 2**). The Executive is asked to consider the IRP report and make recommendations as appropriate to the Council on 5 December 2023.

13.3 The new Scheme, once adopted, will be included in Part 6 of the Council's Constitution and be available for viewing on the Council's website.

14. Background Papers

- The Local Authorities (Members' Allowances) (England) Regulations 2003 (as amended)
- New Council Constitutions: Guidance on Consolidated Regulations for Local Authority Allowances (July 2003)

15. Appendices

Appendix 1: The Independent Remuneration Panel's report (November 2023)
Appendix 2: Draft Scheme of Allowances 2024-25 based on the IRP's recommendations.

GUILDFORD
BOROUGH

The report of the Independent Remuneration Panel appointed to review the allowances paid to Councillors of Guildford Borough Council

November 2023

Contents:_

1. Introduction and Background

1.1 The Local Authorities (Members' Allowances) (England) Regulations 2003 ("the 2003 Regulations"), as amended, require all local authorities to appoint an independent remuneration panel (IRP) to advise on the terms and conditions of their scheme of councillors' allowances.

1.2 Guildford Borough Council formally appointed the following persons to undertake this process and make recommendations on its future scheme:

Dennis Frost (Chair)
Resident of Surrey and former Local Government Officer

Vivienne Cameron
Local resident and retired Probation Officer

Gordon Manickam
Assistant Director, Regulatory Policy Committee, Member of the Joint Audit Committee for the Hampshire and Isle of Wight Police and Crime Commissioner and Surrey resident

Paul Marcus
Business professional and former Eagle Radio Managing Director

Rodney Bates
Manager of Farnham charity, former GBC officer and former Surrey Heath borough councillor

1.3 Our terms of reference were in accordance with the requirements of the 2003 Regulations, together with "Guidance on Consolidated Regulations for Local Authority Allowances" issued jointly by the former Office of the Deputy Prime Minister and the Inland Revenue (July 2003). Those requirements are to make recommendations to the Council as to:

(a) the amount of basic allowance to be payable to all councillors;

(b) whether allowances should be payable for:

- (i) special responsibilities;
- (ii) travelling and subsistence;
- (iii) dependants' carers; and
- (iv) co-optees';

and the amount of such allowances;

(c) whether adjustments to the level of allowances may be determined according to an index and, if so, which index and how long that index should apply, subject to a maximum of four years before its application is reviewed;

1.4 In addition, we were again invited to review the allowances payable to the Mayor and Deputy Mayor to meet the expenses of their respective offices under Sections 3 and 5 of the Local Government Act 1972. Whilst the 2003 Regulations do not require councils to include such allowances in any formal review, the Council has agreed that it would be appropriate in terms of openness and transparency to ask the Panel to review these allowances as part of the general review of the scheme of councillors' allowances.

1.5 We have also made a recommendation in respect of parental leave for councillors.

2. Current Scheme

2.1 The last full review of councillors' allowances was undertaken by Guildford's IRP in November 2019. The current scheme of allowances was brought into effect from April 2020.

2.2 The Scheme currently provides that all councillors are each entitled to a basic allowance of £8,348 per annum. In addition, some councillors receive special responsibility allowances for undertaking additional duties.

2.3 Councillors may also claim the cost of travel and subsistence expenses and for expenditure on the care of children or dependants whilst on approved duties.

3. Principles Underpinning Our Review

The Public Service Principle

3.1 This is the principle that an important part of being a councillor is the desire to serve the public and therefore, not all of what a councillor does should be remunerated. Part of a councillor's time should be given voluntarily. The consolidated guidance notes the importance of this principle when arriving at the recommended basic allowance.[1] Moreover, we found that a public service concept or ethos was articulated and supported by many of the councillors we interviewed and in the responses to the questionnaire completed by councillors as part of our review.

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[1] The former Office of Deputy Prime Minister – now the Department for Levelling-up, Housing and Communities *New Council Constitutions: Guidance on Consolidated Regulations for Local Authority Allowances*, London: TSO, July 2003, paragraph 68.

3.2 We noted that the principle of public service had been recognised in previous IRP reviews in Guildford and was quantified in 2019. To provide transparency and increase an understanding of the Panel's work, we will continue to recommend the application of an explicit Public Service Discount (PSD). Such a PSD is applied to the time input necessary to fulfil the role of a councillor. Many recently elected councillors were not aware of the PSD's formal status, although when interviewed, were generally supportive of its principles and application.

3.3 Further explanation of the PSD to be applied is given below in section 4.

The Fair Remuneration Principle

3.4 Alongside the belief that the role of the elected Councillor should, in part, be viewed as unpaid voluntary service, we advocate a principle of fair remuneration. The Panel in 2023 continues to subscribe to the view promoted by the independent Councillors' Commission:

> *"Remuneration should not be an incentive for service as a councillor. Nor should lack of remuneration be a barrier. The basic allowance should encourage people from a wide range of backgrounds and with a wide range of skills to serve as local councillors. Those who participate in and contribute to the democratic process should not suffer unreasonable financial disadvantage as a result of doing so".*[2]

3.5 We are keen to ensure that our recommended scheme of allowances provides reasonable financial compensation for councillors. Equally, the scheme should be fair, transparent, logical, simple, and seen as such.

3.6 Hence, we continue to acknowledge that:

(i) allowances should apply to roles within the Council, not individual councillors;

(ii) allowances should represent reasonable *compensation* to councillors for expenses they incur and time they commit in relation to their role, not *payment* for their work; and

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[2] Rodney Brooke and Declan Hall, *Members' Remuneration: Models, Issues, Incentives and Barriers*. London: Communities and Local Government, 2007, p.3.

(iii) special responsibility allowances are used to recognise the significant additional responsibilities which attach to some roles, not merely the extra time required.

3.7 In making our recommendations, we have therefore sought to maintain a balance between:

(i) the voluntary nature of a councillor's role;

(ii) the need for appropriate financial recognition for the expenses incurred and time spent by councillors in fulfilling their roles; and

(iii) the overall need to ensure that the scheme of allowances is neither an incentive nor a barrier to service as a councillor in Guildford.

3.8 The Panel, as in 2019, strives to ensure that the scheme of allowances is understandable in the way it is calculated, this includes ensuring the bandings and differentials of the allowances are as transparent as possible.

3.9 In making our recommendations, we wish to emphasise that any possible negative impact they may have is not intended and should not be interpreted as a reflection on any individual councillor's performance in the role. The Panel is assessing solely the role within the Council and what is reasonable to fulfil that role to a reasonable level.

4. Considerations and Recommendations

Basic Allowance

4.1 A Council's scheme of allowances must include provision for a basic allowance, payable at an equal flat rate to all councillors. The guidance on arriving at the basic allowance states, "Having established what local councillors do, and the hours which are devoted to these tasks the local authorities will need to take a view on the rate at which, and the number of hours for which, councillors ought to be remunerated."[3]

4.2 In addition to the regular cycles of Council and committee meetings, a number of boards/working groups involving councillors also operate. Many councillors are also appointed by the Council to a number of external organisations.

4.3 We recognise that councillors are responsible to their electorate as:

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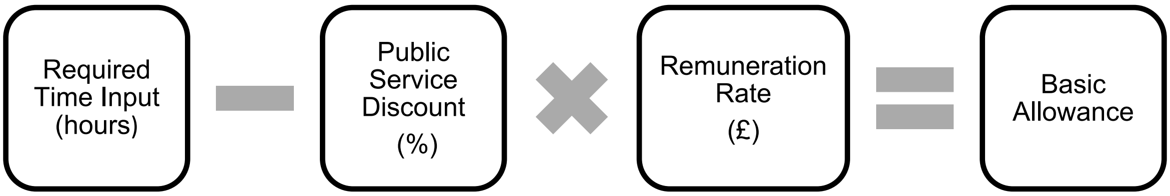
[3] paragraph 67.

- Representatives of a particular ward;
- Community leaders;
- Decision makers for the whole Council area;
- Policy makers for future activities of the Council;
- Scrutineers and auditors of the work of the Council; and
- Regulators of planning, licensing and other matters required by Government.

4.4 The guidance identifies the issues and factors an IRP should have regard to when making a scheme of allowances.[4] For the basic allowance we considered three variables in our calculation: the time required to execute the role effectively; the public service discount; and the rate for remuneration. Each of the variables is explained below:



Required Time Input

4.5 We ascertained the average number of hours necessary per week to undertake the role of a councillor (with no special responsibilities) from questionnaires and interviews with councillors and through reference to the relevant Councillor Role Profiles. In addition, we considered information about the number, range, and frequency of committee meetings.[5]

4.6 Discounting attendance at political meetings (which we judged to be centred upon internal political management), we found that the average time commitment required to execute the role of a councillor with no special responsibilities is 14 hours per week.

4.7 The Panel fully recognises that many councillors will spend much more time than 14 hours depending on the meetings they attend and the amount of casework they undertake within their community. Although, several councillors suggested that some wards and councillors are busier than others. It is the role and not the individuals conducting the role that

[4] paragraphs 66-81.
[5] The Councillor Role Profiles and summary responses to the questionnaires are available on request.

we are appraising, and it is our view that, the actual amount will vary week by week, but we believe that this is a fair average and supported by both the questionnaire responses and the wide-ranging experience of the Panel members.

4.8 The Panel did not consider the following activities within the calculations.

- Attending committee meetings, boards, and working groups when not a voting member (this is the personal choice of the councillor).
- Meeting preparation beyond what is reasonably necessary for the role.
- Political group meetings and discussions (it is not a requirement of a councillor to be a member of a political group and is not recognised as an approved duty).
- All party or group political activity such as meetings with or update to party members, all political campaigning including attempts to get re-elected and all social activities within a political party or group.
- Attending external meetings or bodies outside the ward when not acting as the Council's official representative.
- Social media activity other than simple non-political information (I.e. this includes engaging in prolonged debate or expressing political opinions outside of meetings).
- Attending civic or other functions when not invited in capacity of a councillor.
- Taking on casework in another councillor's ward.

4.9 During our research, some councillors expressed the view that members of the Planning Committee should receive an additional supplement. Whilst recognising that the regularity and length of the Planning Committee is currently more than other committees, the Panel did not consider this to be appropriate. It is a matter for Group Leaders to allocate their Group's committee allocations as they see fit which does not necessarily mean equitably. Therefore, it is inevitable that some councillors will have more meetings to attend than others, but the Panel has assumed an average.

Public Service Discount (PSD)

4.10 From the information analysed, we found councillors espoused a high sense of public duty. Given the weight of evidence presented to us concerning, among other factors, the levels of responsibility, the varied nature of the role, the need for learning and development, and the increasing accessibility and expectations of the public, those councillors who expressed a view, felt that a 35% PSD was reasonable.

4.11 Across Surrey just one council has a lower PSD than Guildford. The average PSD across the county is 44%. The current PSD at Waverley is 50%. We recommend to Guildford a Public Service Discount of 40% in respect of the calculation of the basic allowance. This percentage sits within the range of PSDs applied to basic allowances by councils in the south-east.

Remuneration Rate

4.12 After establishing the expected time input to be remunerated, we considered a remuneration rate and came to a judgement about the rate at which the councillors ought to be remunerated for the work they do.

4.13 To help identify an hourly rate for calculating allowances, we utilised relevant statistics about the local labour market published in the Annual Survey of Hours and Earnings (ASHE) 2023. We selected the average (median), hourly pay for all employee jobs in the UK based on the location of the workplace. The latest available figure for Guildford is £19.64.

Calculating the basic allowance

4.14 After determining the amount of time required each week to fulfil the role (14 hours), the level of PSD to be applied (40%) and the hourly rate to be used (£19.64), we calculated the basic allowance as follows:

728 annual hours (14 hours per week x52 weeks) − 40% × £19.64 = £8,579 per annum

4.15 This amount is intended to recognise the overall contribution made by councillors, including their work on council bodies, and ward work and attendance on external bodies to which they have been appointed by the Council.

4.16 We also noted the levels of basic allowance currently allocated by other Surrey borough and district councils, which are set out in descending order in the table below.

Council	Basic Allowance 2023/24[6] (£)	Public Service Discount (PSD)
Guildford Borough Council	**8,348**	**35%**
Woking Borough Council	7,380	n/a
Spelthorne Borough Council	6,531	33%
Reigate and Banstead Borough Council	5,956	40%
Surrey Heath Borough Council	5,711	50%
Waverley Borough Council	5,609	50%
Elmbridge Borough Council	5,512	50%
Runnymede Borough Council	5,500	50%
Mole Valley District Council	4,793	n/a
Tandridge District Council	4,446	n/a
Epsom & Ewell Borough Council	4,032	n/a
Average	**5,801**	**44%**

4.17 The Panel recognises that the basic allowance for councillors would therefore remain the highest in Surrey. However, there are two reasons that justify this. The first reason is that the average hourly rate of pay in Guildford is generally higher than other authorities as set out in the ASHE 2023 data. The second reason is that Guildford councillors tend to spend more average hours on their work on approved duties than other local authorities.

4.18 The Panel wished to ensure the level of basic allowance does not constitute a barrier to candidates from all sections of the community standing, or re-standing, for election as councillors. The Panel was of the view that the 2015 review had begun to make recommendations to ensure that the current basic was in accordance with the principle of fair remuneration and the 2019 review had consolidated this approach.

WE THEREFORE RECOMMEND that the Basic Allowance payable to all members of Guildford Borough Council be £8,579 per annum (an increase of 2.77%).

Special Responsibility Allowances (SRAs)

4.19 Special Responsibility Allowances are awarded to councillors who perform significant additional responsibilities over and above the roles and

[6] Figures drawn from the Southeast Employers, Members' Allowances Survey 2023 (October 2023).

expenses covered by the basic allowance. These special responsibilities must be related to the discharge of the council's functions.

4.20 The 2003 Regulations do not limit the number of SRAs which may be paid, nor do they prohibit the payment of more than one SRA to any one councillor. As the guidance suggests, if the majority of councillors receive an SRA the local electorate may rightly question the justification for this.[7] It is also worth noting that the Regulations require that, where a council is divided into at least two political groups and a majority of members of the council belong to the same political group ("the controlling group"), a special responsibility allowance shall be paid to at least one person who is not a member of the controlling group and has special responsibility either for acting as leader or deputy leader of a political group or acting as the spokesman of a political group on a committee or sub-committee of the authority.

4.21 We conclude from the evidence we have considered that the following offices bear *significant* additional responsibilities:

- Leader of the Council
- Deputy Leader of the Council
- Members of the Executive
- The Mayor and Deputy Mayor
- Chairman and Vice Chairman of the Planning Committee
- Chairman of the Overview and Scrutiny Committee
- Chairman of the Corporate Governance and Standards Committee
- Chairmen of the Executive Advisory Boards
- Chairman of the Licensing Committee
- Designated Licensing Sub-Committee chairmen (payable on a per meeting basis)
- Political Group Leaders

One SRA Only Rule

4.22 While our discussions with councillors identified a range of views, to improve the transparency of the scheme of allowances, we feel that no councillor should be entitled to receive at any time more than **one SRA**.

[7] paragraph 72

4.23 The 'One SRA Only Rule' avoids the possible anomaly of the Leader receiving a lower allowance than another councillor. It also recognises that the role of the councillor undertaking a role with an SRA is not intended as a salary and that there is often significant crossover between SRA roles (for example where an opposition group leader also chairs the Overview & Scrutiny Committee or an Executive Advisory Board). If two or more allowances are applicable to a councillor, then the higher-valued allowance would be received. The One SRA Only Rule is common and good practice for many councils, including Surrey County Council. Our calculations for the SRAs are based on this principle, which should be highlighted:

WE THEREFORE RECOMMEND that:

- **(i) no councillor should be entitled to receive at any time more than one Special Responsibility Allowance,**
- **(ii) where a councillor would otherwise be entitled to two or more Special Responsibility Allowances, then only the higher-valued allowance should be received, and**
- **(iii) this 'One SRA Only Rule' be adopted into the Scheme of Allowances.**

The Maximum Number of recipients of SRAs Payable

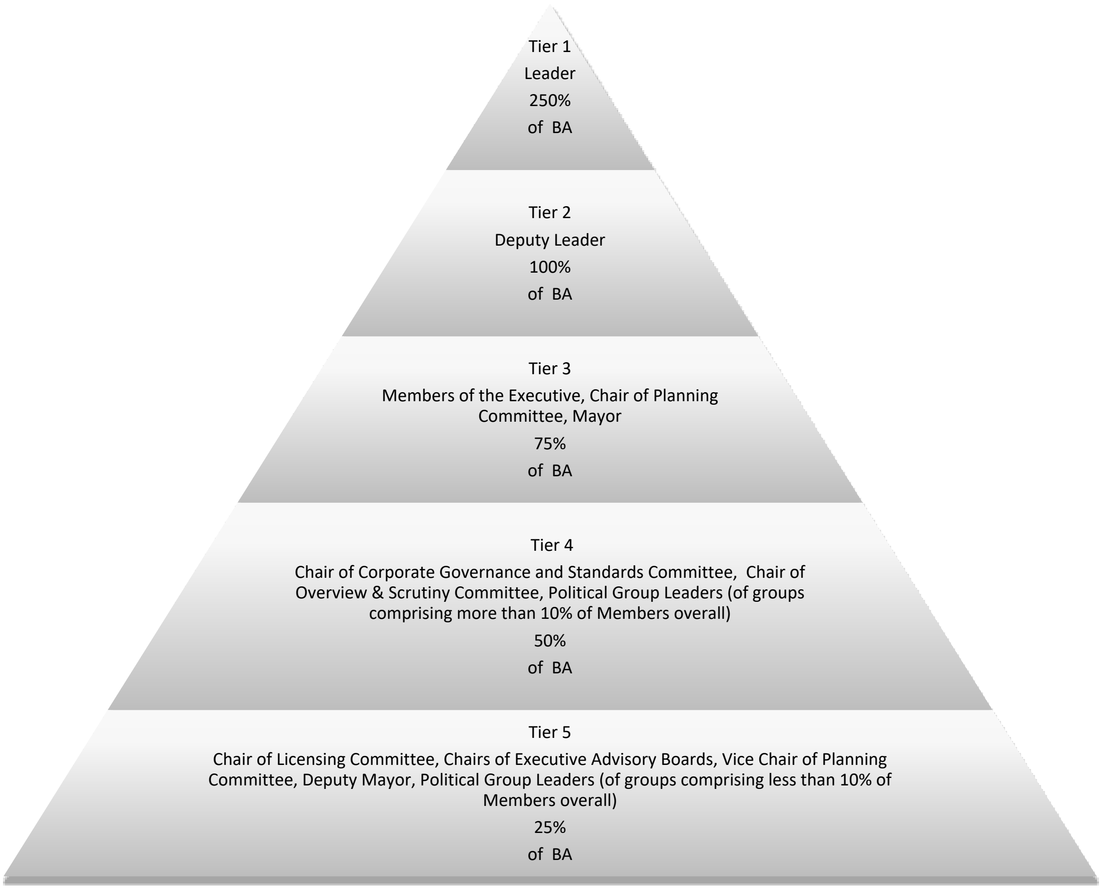
4.24 In accordance with the 2003 Statutory Guidance (paragraph 72) the Panel is of the view that no more than 50% of Council Members (24 Members) should receive an SRA at any one time.

WE THEREFORE RECOMMEND that the maximum number of recipients of SRAs at any one time does not exceed 50% of Council Members (24 Members).

Calculating SRAs

4.25 In a change to previous reviews, the Panel proposes that SRAs should be a calculation based upon a percentage of the Basic Allowance. We applied a multiplier of the basic allowance to establish the Leader's SRA. The Leader of the Council's SRA should be 250% of the Basic Allowance as this role carries the most significant additional responsibilities and is the most time consuming. Other SRAs are then valued downwards as a percentage of the Basic Allowance. We also noted the levels of equivalent SRAs currently allocated by other Surrey borough and district councils (see **Appendix 3**).

4.26 We grouped together in Tiers those roles that we judged to have a similar level of responsibility. The outline result of this approach is illustrated in a pyramid of responsibility:



4.27 The rationale for these five tiers of responsibility is discussed below.

<u>Leader of the Council (TIER ONE)</u>

4.28 The Council elects for a four-year term of office a Leader who is ultimately responsible for the discharge of all executive functions of the Council. The Leader is the principal policy maker and has personal authority to determine delegated powers to the rest of the Executive. The Leader is also responsible for the appointment (and dismissal) of members of the Executive and their respective areas of responsibility. Those areas of responsibility are set out in the Council's Constitution.

4.29 The multiplier we applied to calculate the Leader's SRA is 250%, or two and a half times, the basic allowance. If the recommended option of a basic allowance with a PSD of 40% is adopted, this results in a Leader's SRA of £21,448.

4.30 Currently, the Leader of the Council is entitled to an SRA of £16,692 per annum; and to an additional SRA of £2,087 as a Political Group Leader (£83.48 per group member). The allowance for Political Group Leader is currently based on the number of councillors within the group.

4.31 Should the 'One SRA Only Rule' be adopted by the Council as recommended the actual level of Special Responsibility Allowance made to the Leader of the Council will be £21,448.

WE RECOMMEND that the Leader of the Council should receive a Special Responsibility Allowance of 250% of the basic allowance, £21,448 per annum (an increase of 28.5%).

Deputy Leader of the Council (TIER TWO)

4.32 The Deputy Leader acts on the Leader's behalf in their absence. From the information we gathered, we continue to consider this additional responsibility should be reflected in the level of allowance. Therefore, we recommend the Deputy Leader's SRA be set at 100% of the Basic Allowance. If our recommendations concerning the basic allowance are adopted, this results in an allowance of £8,579.

WE RECOMMEND that the Deputy Leader should receive a Special Responsibility Allowance of 100% of the Basic Allowance, £8,579 per annum (an increase of 2.77%).

Members of the Executive, Chairman of the Planning Committee, and The Mayor (TIER THREE)

4.33 From the evidence gathered, including questionnaire responses, face to face interviews and the Council's Role Profiles, we consider the members of the Executive, the Chairman of the Planning Committee, and the Mayor should each receive an SRA of £6,434 per annum, 75% of the Basic Allowance.

4.34 Evidence from the interviews we undertook with councillors underlines the responsibility of the members of the Executive for many of the Council's functions. Members of the Executive hold considerable responsibility for their respective portfolios. In addition, we found the time commitment for the role to be significant and growing.

4.35 We heard substantial evidence about the Planning Committee which meets monthly as does the Executive. We acknowledge the significant responsibility that the Chairman of the Planning Committee has, given the contentiousness of decision-making by that Committee and recognise that the SRA should reflect that responsibility.

4.36 The Panel was of the view that the role of Mayor continues to have a high impact and profile across the Borough and has a very high number of engagements and commitments. It is acknowledged that Guildford's Mayor is, by far, the busiest of Surrey's mayors. The Mayor is currently in receipt of an SRA of £6,677 (at Tier Three), which covers their role only in respect of being the chairman of the full Council, in the same way that other councillors receive an SRA for being a committee chairman. For the purposes of this section of the report, we recommend that the role continues to be recognised at Tier Three, subject to our further comments below.

4.37 During the review, and taking into account the Panel's discussions with both the current Mayor and Deputy Mayor, we felt, notwithstanding the SRAs and expenses allowances payable to the Mayor and Deputy Mayor , (please see paragraphs 4.49 to 4.55 below) that the considerable amount of time to which the Mayor has to commit in terms of attendance at community engagements is not fully recognised. A significant proportion of that time commitment is expected to be given voluntarily. We think that, over the next 12 months, the Council should reflect on the Mayoral role and determine what it thinks the time commitment should be and the extent to which the Mayor should be remunerated for that commitment in terms of their SRA. We will be very happy to review this again in 12 months' time.

WE RECOMMEND:

(a) that the Members of the Executive (excluding the Leader and Deputy Leader), and the Chairman of the Planning Committee, should each receive a Special Responsibility Allowance of 75% of the Basic Allowance, £6,434 per annum (a reduction of 3.8%); and

(b) that the level of the Mayor's Special Responsibility Allowance should also be at Tier Three (75% of the Basic Allowance, £6,434 per annum) for 2024-25 and that this allowance be reviewed

again by the Independent Remuneration Panel in 12 months' time.

The Chairman of the Overview and Scrutiny Committee, Chairman of the Corporate Governance and Standards Committee, and Political Group Leaders (of groups comprising more than 10% of members overall) (TIER FOUR)

4.38 The Panel notes that the SRA for the Chairman of Overview & Scrutiny Committee is currently fixed at Tier Three. However, Overview & Scrutiny Committee meets every other month, or so (similar to Corporate Governance and Standards Committee). Whilst the Overview & Scrutiny Committee is important and is a statutory function of the Council, we feel that the amount of work and responsibility of the chairman of the Overview & Scrutiny Committee is not as onerous as Executive members or the Chairman of the Planning Committee. Therefore, the SRA for the Chairman of Overview & Scrutiny Committee should be at Tier Four, rather than Tier Three.

4.39 From the information gathered, including the complexity of the remit, the Panel considers the role of the chairman of Corporate Governance and Standards Committee continues to warrant a Tier Four SRA.

4.40 The Panel noted that the recent history of Guildford has involved both majority and minority administrations being formed with subsequent discussion about the entitlement of an SRA for the role of Leader of the Opposition. In accordance with many other councils, we do not consider that a specific SRA in respect of the Leader of the Opposition role to be appropriate. Instead, it is important to recognise that political group leaders have a key role in scrutinising the Council and offering alternative positions and ideas.

4.41 We noted from our discussions with councillors that the role of group leader was similar regardless of the number of councillors due to attending the same group leader meetings and officer briefings. However, there would be a small difference in larger groups (more than 10%) in terms of additional liaison with Councillors in areas such as mentoring and sharing information. We therefore recommend that the Group Leader's SRA based on a specified sum per group member is removed and instead political group leaders of groups comprising more than 10% of members overall are recognised as being entitled to a Tier 4 SRA, and those leaders of groups comprising less than 10% of members overall being entitled to a Tier Five SRA. This would bring Guildford in line with other authorities.

WE RECOMMEND that the Chairman of the Overview and Scrutiny Committee, the Chairman of the Corporate Governance and Standards Committee, and Political Group Leaders (of groups comprising more than 10% of members overall) should each receive a Special Responsibility Allowance of 50% of the Basic Allowance, £4,290 per annum.

<u>The Chairman of the Licensing Committee, Chairmen of Executive Advisory Boards, Vice-Chairman of the Planning Committee, the Deputy Mayor, and Political Group Leaders (of groups comprising less than 10% of members overall) (TIER FIVE)</u>

4.42 From the evidence gathered in respect of the Council's licensing function we noted that most of the work undertaken by councillors was done by the Licensing Sub-Committee and Licensing Regulatory Sub-Committee, and that the business dealt with by the parent committee was generally very light and uncontentious. Whilst the Licensing Committee is important and performs a statutory regulatory function, we feel that the amount of work and responsibility of the chairman of the Licensing Committee is not as onerous as the Chairmen of the Overview & Scrutiny Committee or Corporate Governance & Standards Committee. Therefore, the SRA for the Chairman of Licensing Committee should be at Tier Five, rather than Tier Four. Please see our separate comments and recommendation in respect the SRA for Designated Licensing Sub-Committee chairmen in paragraphs 4.46 to 4.48 below.

4.43 During the course of our discussions, it became clear that Executive Advisory Boards have rarely met in recent months and therefore the Chairmen have had limited duties. The Panel have therefore considered their findings based on the current situation namely a small number of meetings each year. For that reason, we have moved the role to Tier 5, or 25% of the Basic Allowance, £2,145. In the event the number of meetings increase then this may be an area to review further in 12 months.

4.44 Following discussion and from an analysis of the role the Panel is of the view that the SRA for Deputy Mayor should appropriately be set at Tier Five.

4.45 The Panel recommends the introduction of a new SRA, for the Vice-Chairman of the Planning Committee as we felt that with a very high-profile Committee meeting so frequently, and the support given by the Vice-Chairman to the Chairman, an SRA at Tier Five was appropriate.

WE RECOMMEND that the Chairman of the Licensing Committee, Chairmen of the Executive Advisory Boards, the Deputy Mayor, the Vice-Chairman of the Planning Committee, and Political Group Leaders (of groups comprising less than 10% of members overall) should each receive a Special Responsibility Allowance of 25% of the Basic Allowance, £2,145 per annum.

SRA for Designated Licensing Sub-Committee Chairmen

4.46 The Panel noted that the current scheme of allowances provides an SRA for designated Licensing Sub-Committee chairmen (of which there are currently seven) who are eligible to chair meetings of the Licensing Sub-Committee and Licensing Regulatory Sub-Committee. The current rate is £316 per meeting. The Panel noted that nowhere else in Surrey had such an arrangement.

4.47 The Panel felt strongly that the current rate for the SRA for designated Licensing Sub-Committee chairmen was overly generous for the level of responsibility and queried the basis upon which the amount allocated to this SRA was currently fixed. The Panel suggest that a more equitable and transparent rationale for setting this SRA should be based on our recommended formula for calculating the Basic Allowance.

4.48 We think that a designated Licensing Sub-Committee chairmen will spend an average of six hours in dealing with each meeting. This would include preparation/reading time and the time allocated for the meeting itself. The hourly remuneration rate should be the same as the Basic Allowance (i.e. £19.64). Taking into account the 40% PSD, the SRA per meeting would be:

6 x £19.64 = £117.84

Less 40% (£47.14)

Designated chairman's SRA per Sub-Committee meeting: £70.70

We suggest this is rounded up to **£71 per meeting**.

WE RECOMMEND that the current SRA for Designated Licensing Sub-Committee Chairmen in respect of chairing Licensing Sub-Committee and Licensing Regulatory Sub-Committee meetings be set at £71 per meeting.

Mayor's and Deputy Mayor's Allowances

4.49 In addition to the Mayor and Deputy Mayor's SRAs, there are also separate allowances for the Mayor and Deputy Mayor from which they may claim expenses necessary to cover the costs of their respective offices. As mentioned in paragraph 1.4 above, the legal basis for establishing such allowances (Sections 3 and 5 respectively of the Local Government Act 1972) is different to the allowances covered by the 2003 Regulations. Although they technically fall outside of the remit of the general review of councillors' allowances, the Panel has been asked to review them and to make a recommendation to the Council.

4.50 The current levels of Mayor's and Deputy Mayor's Allowances are £8,000 and £2,000 p.a. respectively.

4.51 Examples of expenses could include the following:

a) clothing, including dry cleaning,
b) contributions made at events, including purchasing raffle tickets etc.
c) any expenses incurred in relation to hosting mayoral events, in connection with the mayoral theme or charity,
d) the cost of tickets for fund raising events in aid of local charities, or the chosen charity of another Mayor/Chairman.

4.52 We were informed that in 2020-21 when the Mayor's Chauffeur retired and the lease on the mayoral car expired, it was agreed that the Council should no longer provide the Mayor with a car and chauffeur. During Covid, of course, the Mayor had no public engagements and so there was no cost incurred until around August 2021. The presumption was that the Mayor would drive themselves to and from engagements, for which they would be entitled to claim motor mileage allowance. However, where they had been invited to evening functions where they may have a drink, they would take a taxi or, depending on the nature of the function, hire a car and driver. The cost was not taken from the Mayor's Allowance at the time as the Council wished to gauge the average annual cost before asking the Panel to review the level of allowance.

4.53 The table below sets out the cost of taxis and hiring a car and driver since 2021-22.

Financial Year	£
2021-22	1,365
2022-23	2,148
Average yearly cost:	**1,757**

4.54 We were also provided with information on the extent to which the Mayor's Allowance and Deputy Mayor's Allowance had been spent each year for the past five years (noting of course the lack of spend during the pandemic).

Mayor/Deputy Mayor's Allowance – total spend at end of term (2018 - 2023)		
Mayoral Year	**Mayor £**	**Deputy £**
2018-19	7,999.41	1,743.22
2019-20	5,054.32	336.00
2020-21	938.98	393.58
2021-22	6,631.35	788.25
2022-23	6,473.01	1,210.48

4.55 As the purpose of the Mayor's Allowance is to enable the Mayor to meet the expenses of their office, we think it is legitimate for the cost of the Mayor's travel arrangements to be met in full from that allowance with immediate effect. However, we feel that the opportunity should be taken to also review the Mayor's Allowance, alongside the proposed review of the Mayor's SRA, in 12 months' time to ensure that it remains sufficient in terms of covering all the expenses of the Mayor's office, including the cost of travel arrangements.

WE RECOMMEND:

(a) that the level of the Mayor's and the Deputy Mayor's allowances payable under Sections 3 and 5 respectively of the Local Government Act 1972 to meet the expenses of their offices should remain unchanged at £8,000 and £2,000 per annum respectively; and
(b) that the Mayor's Allowance be reviewed again by the Independent Remuneration Panel in 12 months' time; and
(c) that, with immediate effect, the cost of the Mayor's travel arrangements for attending certain functions where it is

inadvisable for them to drive themselves should be met from the Mayor's Allowance.

Co-optees' Allowance

4.56 An IRP may recommend payment, and the level of an allowance for those who serve on the committees or sub-committees of a Council but are not members of the Council. We recognise that in so doing, an element of the contribution made by the co-optees should be voluntary.

4.57 Currently, there are six co-optees, all of whom are co-opted to the Corporate Governance & Standards Committee, three co-opted independent members and three co-opted parish council representatives. The current level of this allowance is £419 per annum.

WE RECOMMEND that co-optees receive an allowance of 5% of the Basic Allowance, £429 per annum.

Travelling and Subsistence Allowance

4.58 A scheme of allowances may provide for any councillor to be paid for travelling and subsistence undertaken in connection with any of the duties specified in Regulation 8 of the 2003 Regulations including any other duties approved by the Council. Similarly, such an allowance may also be paid to co-opted members of a committee or sub-committee of the Council in connection with any of those duties, provided that their expenses are not also being met by a third party.

4.59 The current scheme of councillors' allowances provides for the following levels of travelling and subsistence allowance:

<u>Motor Mileage Allowance:</u>

Cars	45p per mile
Motorcycles:	24p per mile

<u>Cycle Allowance:</u> 20p per mile

<u>Day Subsistence Allowance</u>

Breakfast:	£6.88
Lunch:	£9.50
Tea:	£3.76
Evening Meal:	£11.76

Overnight Subsistence Allowance
In London: £102
Elsewhere: £89

4.60 In respect of any approved duties, Councillors and co-opted members are currently reimbursed the cost of:

(a) second class or any available cheap rate travel using public transport on production of proof of purchase of a valid ticket;
(b) travel by taxi or private hire vehicle where no public transport is reasonably available or for reasons of health/disability/safety; and
(c) any reasonable parking charges incurred.

The Panel think that these arrangements, together with the current motor mileage and cycle allowances, are reasonable and should continue.

4.61 During our discussions with councillors, there was some concern that councillors were unaware of the existence of the travelling and subsistence allowance, and that there was little guidance as to when the subsistence element of the allowance could legitimately be claimed. The current scheme of allowances does not provide any such guidance.

4.62 The Panel was informed that, in relation to the subsistence element of the travelling and subsistence allowance, there are no longer specified rates for day or overnight subsistence allowances (including rates for breakfast, lunch, tea, and dinner). The accepted approach now is to reimburse "reasonable" subsistence allowances for approved duties upon submission by the claimant of valid receipts.

WE THEREFORE RECOMMEND that:

(a) the amounts currently payable to councillors and co-opted members whilst on approved duties in respect of motor mileage and cycle allowances should continue;

(b) Councillors and co-opted members, whilst on approved duties, should continue to be reimbursed the cost of:

- **second class or any available cheap rate travel using public transport on production of proof of purchase of a valid ticket;**

- **travel by taxi or private hire vehicle where no public transport is reasonably available or for reasons of health/disability/safety; and**
- **any reasonable parking charges incurred.**

(c) The Day Subsistence and Overnight Subsistence Allowances be withdrawn and that the following be included in the new scheme of allowances:

<u>"Subsistence Allowance:</u>
Reasonable subsistence allowances will be paid for the "Approved Duties" within the Scheme **(these are set out in Appendix 2 to this report)*****, provided that:***

(a) subsistence allowances are only payable for attending approved duties outside of the Borough;
(b) refreshments are not provided as part of the meeting/function attended;
(c) meal allowances will be paid only where a member is undertaking an approved duty which involves their absence from home for a period exceeding four hours; and
(d) all claims are accompanied by valid receipts.

<u>Overnight Accommodation:</u>
There is no set allowance for overnight accommodation. However, councillors should endeavour to stay in accommodation which provides good value for money but, if the reason for requiring overnight accommodation is to attend a training event, conference, or similar event, councillors may stay overnight at the venue being used for that event. Receipts must be provided with all claims for reimbursement of accommodation costs.

Reimbursement of reasonable overnight accommodation costs will also only be payable for attending approved duties outside of the Borough.

By way of guidance, it is considered that overnight accommodation costs ranging from £100 to £150 are deemed to be "reasonable", dependent on the location. All overnight accommodation should be pre-booked by officers wherever possible. No claims for alcoholic drinks will be reimbursed."

Dependants' Carers' Allowance

4.63 The scheme of allowances currently provides for payment of a Dependants' Carers' Allowance to those councillors who necessarily incur expense in arranging for the care of their children or other dependants to enable them to undertake any of the approved duties, subject to the following conditions:

- The Dependants' Carers' Allowance is based on two rates:
  - Rate one for general care for children aged 15 or under shall be at a rate of £11.92 per hour, with no monthly maximum claim.
  - Rate two shall be for specialist care based at cost upon production of receipts and requiring medical evidence that this type of care is required.
- the allowance shall be paid as a re-imbursement of incurred expenditure against receipts;
- the allowance shall not be payable to a member of the claimant's own household.

4.64 The dependants' carers' allowance should ensure that potential candidates are not deterred from standing for election and should enable current councillors to continue despite any change in their personal circumstances.

4.65 The Panel heard from several respondents about the significant barriers to councillors with children or looking after dependant adults. It was noted that such commitments were particularly challenging and regularly involved a mix of formal and informal arrangements in order to juggle both their family responsibilities and Council duties. This often involved significant sacrifice and time not only by the councillor but also from any wider network of family, friends or professional support that they may access often at short notice.

4.66 The Panel gave this issue considerable thought in trying to ensure that the balance highlighted above was appropriately addressed. It was considered that the current system did not appropriately recognise informal care arrangements and that it was reasonable for councillors to arrange that their young children were looked after by known family members or friends rather than by a professional agency. In addition, the Panel were concerned that the time and resource of Councillors submitting and officers processing such forms was not justified. Furthermore, it was noted that whilst older children could be reasonably left alone at home, this was not recommended for children aged 12 or younger. However, it was also recognised that there was a need to retain the option of professional or specialist care services where this was required due to specific need.

Therefore, the Panel recommend a new Dependants' Carers' Allowance for inclusion in the scheme of allowances as follows:

1. **Level 1 (a) – A £500 annual allowance for Councillors where there is one or more children aged 12 or younger that normally reside in their household and for whom they are caring. This allowance would only be payable until the child's 13th birthday. This allowance would be taxable.**

2. **Level 1 (b) – A £500 annual allowance for Councillors where there is one or more persons that normally reside in their household and for whom they are a registered carer. This allowance would be taxable.**

3. **Level 2 – This shall be for specialist care based at cost upon production of receipts and requiring medical evidence that this type of care is required. This allowance would not be taxable and shall apply for councillors with caring responsibility for persons of any age. There shall be no limit to these claims, provided that they are made in respect of approved duties.**

Councillors shall only be entitled to claim one dependants' carers' allowance (at either Level 1 (a) or (b), or Level 2) regardless of circumstances. Councillors wishing to claim for this allowance will be required to submit proof on an annual basis such as a child's birth certificate and/or official confirmation that they live at their address, being formally registered as a carer with a GP, or professional medical evidence before the Allowance will be payable.

Approved Councillor Duties

4.67 The Panel reviewed the recommended duties for which Dependants' Carers' Allowance and Travelling and Subsistence Allowance should be payable (see Appendix 2) and have recommended no changes.

WE RECOMMEND that no changes be made to the Approved Duties for which Dependants' Carers' Allowance and Travelling and Subsistence Allowance should be payable.

Parental Leave

4.68 There is no uniform/ national policy to support councillors who require parental leave for maternity, paternity or adoption leave. According to the Fawcett Society (Does Local Government Work for Women, 2018) a '*lack of maternity, paternity provision or support' is a real barrier for women aged 18-44 to fulfil their role as a councillor'*.

4.69 We are of the view that support should be provided for parental leave although we do not wish to stipulate an exact policy/procedure of another Council, the Panel is aware that the Local Government Association (LGA) has developed a model policy that has been adopted by some councils across the south-east region.

4.70 There is no legal right to parental leave of any kind for people in elected public office. However, as a way of improving the diversity of Councillors the Panel would recommend that the Members' Allowance Scheme should be amended to include provisions that clarify that:

(a) All Councillors shall continue to receive their Basic Allowance in full for a period up to six months in the case of absence from their councillor duties due to leave related to maternity, paternity, adoption shared parental leave or sickness absence.

(b) Councillors entitled to a Special Responsibility Allowance shall continue to receive their allowance in full for a period of six months, in the case of absence from their Councillor duties due to leave related to maternity, paternity, adoption, shared parental leave or sickness absence.

(c) Where for reasons connected with sickness, maternity leave, adoption leave, paternity leave or shared parental leave a councillor is unable to attend a meeting of the Council for a period of six months, a dispensation by Council can be sought before the expiry of that six-month period in accordance with Section 85 of the Local Government Act 1972.

(d) If a replacement to cover the period of absence under these provisions is appointed by Council or the Leader (or in the case of a party group position the party group) the replacement shall be entitled to claim a Special Responsibility Allowance pro rata for the period over which the cover is provided.

4.71 The Panel is conscious that these provisions do not replicate the LGA policy but that policy introduces elements that are more akin to employees which in terms of employment legislation does not include Councillors. We feel that our recommendations more simply and adequately reflect the situation relating to Councillors and clarify for them what they can expect. The Council may, however, wish to further develop the above recommendations so that they reflect the LGA policy.

WE RECOMMEND that the approach outlined above to support parental leave for councillors is adopted and incorporated into the scheme of allowances.

Indexing of Allowances

4.72 A scheme of allowances may make provision for an annual adjustment of allowances in line with a specified index. The present scheme makes provision for the basic allowance, the special responsibility allowances, the co-optees' allowance and the dependants' carers' allowance to be adjusted annually in line with increases in staff salaries at Guildford Borough Council. We think this continues to be a fair and appropriate basis for annual uplifts in allowances.

WE RECOMMEND that the basic allowance, each of the SRAs, the Co-Optees' Allowance and the Dependants' Carers' Allowance be increased annually in line with the percentage increase in staff salaries until 2027, at which time the Scheme shall be reviewed again by an independent remuneration panel. Where staff salaries are increased by way of a

lump sum payment, the Allowances referred to above shall be adjusted by applying an average percentage increase.

Revocation of current Scheme of Allowances/Implementation of new Scheme

4.73 The 2003 Regulations provide that a scheme of allowances may only be revoked with effect from the beginning of a financial year, and that this may only take effect on the basis that the authority makes a further scheme of allowances for the period beginning with the date of revocation.

WE THEREFORE RECOMMEND that the new scheme of allowances to be agreed by the Council be implemented with effect from the beginning of the 2024-25 financial year, at which time the current scheme of allowances will be revoked.

5. OUR INVESTIGATION

Background

5.1 As part of this review, a questionnaire was issued to all councillors to support and inform the review. Responses were received from 25 councillors, which represent just over 52% of the Council. The information obtained was helpful in informing our deliberations.

5.2 We interviewed 14 current councillors. We also met the Council's Chief Executive, Tom Horwood, and Deputy Chief Finance Officer, Victoria Worsfold, who expanded on some of the key financial and other issues that were likely to affect the Council in the future. We were asked to take into account the financial situation of the Council within our deliberations but without any further details being specified. As a Panel we have done this, taking into account the information given to us until the end of September 2023 (when our final Councillor interviews took place). We are grateful to all our interviewees for their assistance.

Councillors' views on the level of allowances

5.3 A summary of the councillors' responses to the questionnaire is attached as Appendix 5.

Summary of overall Financial Impact

5.4 The recommendations contained within our report can be summarised as follows:

- Increase in Basic Allowance to all Councillors (£11,088)
- Increase in Co-optees' Allowance (£60)
- Increase in Special Responsibility Allowances (£5,018)
- Removal of Double SRA (-£6,435)

TOTAL: £9,731 (net budget increase of 1.8%)

Dennis Frost (Chair)
Rodney Bates
Vivienne Cameron
Gordon Manickam
Paul Marcus

November 2023

Appendix 1: Summary of Panel's Recommendations

Allowance	Current Amount (2023-24)	Number	Recommended Allowance (40% PSD)	Recommended Allowance Calculation
Basic (BA)				
Total Basic:	**£8,348**	**48**	**£8,579**	

Special Responsibility:				
Tier One				
Leader of the Council	£16,692	1	£21,448	250% of BA
Tier Two				
Deputy Leader	£8,348	1	£8,579	100% of BA
Tier Three				
Members of the Executive	£6,677	8[1]	£6,434	75% of BA
Chair: Planning Committee	£6,677	1	£6,434	75% of BA
Mayor	£6,677	1	£6,434	75% of BA
Tier Four				
Chair: Overview & Scrutiny Committee	£6,677	1	£4,290	50% of BA
Chair: Corporate Governance & Standards	£4,174	1	£4,290	50% of BA
Group Leaders (of groups comprising more than 10% of members overall)	£83.48 per Group member	3	£4,290	50% of BA
Tier Five				
Chair: Licensing Committee	£4,174	1	£2,145	25% of BA
Chair: Executive Advisory Board	£4,174	2	£2,145	25% of BA
Deputy Mayor	£4,174	1	£2,145	50% of BA
Vice-Chair: Planning Committee	-	1	£2,145	25% of BA

[1] Excludes the Leader and Deputy Leader, i.e., the Executive has a maximum of 10 members.

Group Leaders (of groups comprising less than 10% of members overall)	£83.48 per Group member	2	£2,145	25% of BA

Designated Licensing Sub Committee Chairs	£316 per meeting	7	£71 per meeting	-

Dependants' Carers' Allowance	£11.92 per hour		See page 23 above	

Co-Optees' Allowance	£419	6[2]	£429	5% of BA

Travelling & Subsistence Allowances				
Motor Mileage Allowance				
Cars	45p per mile		45p per mile	
Motorcycles	24p per mile		24p per mile	
Cycle Mileage Allowance:	20p per mile		20p per mile	
Day Subsistence Allowance:			See page 21 above	
Breakfast	£6.88			
Lunch	£9.50			
Tea	£3.76			
Evening Meal	£11.76			
Overnight Subsistence Allowance:				
London	£102			
Elsewhere	£89			

[2] The Corporate Governance and Standards Committee has provision for up to six co-opted members.

Appendix 2

Dependants' Carers' and Travelling and Subsistence Allowances

The approved duties for which these allowances are payable include:

(i) attending a meeting:

- of the Council, the Executive, a committee of the Executive, an Executive Advisory Board, or a committee or sub-committee of the Council including any agenda briefing in connection with any such meeting

- of some other body (including a committee, sub-committee or working group of such body) to which the Council makes appointments or nominations including any agenda briefing in connection with any such meeting

- which has **both** been authorised by the Council, a committee, or sub-committee of the Council or a joint committee of the Council and one or more other authorities, or a sub-committee of a joint committee **and** to which representatives of more than one political group have been invited

- of a local authority association of which the Council is a member

(ii) formal site visits and other meetings authorised in advance by a committee or sub-committee

(iii) Attendance at:

- meetings convened by, or on behalf of, the Joint Chief Executive, a Strategic Director, or an Executive Head of Service

- training courses, seminars or presentations held for councillors by the Council or approved third parties

- Overview and Scrutiny work programme meetings

- Executive Advisory Board work programme meetings

- a meeting of any task group, working group, board, or panel of councillors established by the Council, the Executive, a lead councillor, a committee, or an Executive Advisory Board

- any task and finish group established by the Overview and Scrutiny Committee

- meetings of a local parish council, parish meeting, residents' association, local amenity group or neighbourhood meetings with police in a local ward councillor capacity

- councillor ward and constituency activities including attendance at ward surgeries.

Appendix 3: Comparative data of special responsibility allowances (£) paid to councillors of the other Surrey borough and district councils (South-East Employers, Members Allowances Survey October 2023)

Council	Population	Leader	Deputy Leader	Executive Member	Chair: Planning	Vice-Chair: Planning	Chair: Licensing	Vice-Chair: Licensing	Chair: O&S	Chair: Audit	Mayor	Deputy Mayor	Group Leader	1 SRA Only Rule
Elmbridge	138,800	13,781	n/a	6,891	6,891	1,550	2,067	517	6,891	4,135	n/a	n/a	n/a	YES
Epsom & Ewell	81,000	4,032	n/a	n/a	4,032	2,016	2,822	1,411	n/a	2,822	n/a	n/a	250	NO
Guildford	**143,900**	**16,692**	**8,348**	**6,677**	**6,677**	**n/a**	**4,174**	**n/a**	**6,677**	**4,174**	**6,677**	**4,174**	***83.48**	**NO**
Mole Valley	87,600	8,226	4,661	3,510	2,808	384	587	n/a	2,342	2,342	2,808	1,053	587	NO
Reigate & Banstead	151,000	14,151	11,557	9,434	5,442	n/a	441	n/a	3,162	3,162	5,700	n/a	**	NO
Runnymede	81,000	11,000	5,500	n/a	9,048	6,024	5,184	2,592	5,184	5,184	5,184	1,396	***425	NO
Spelthorne	103,000	11,000	5,500	n/a	6,600	3,300	5,500	2,750	n/a	4,400	14,800	4,000	n/a	YES
Surrey Heath	89,000	14,849	8,909	5,939	5,197	2,599	4,009	n/a	4,009	4,009	5,939	1,782	****	YES
Tandridge	88,000	6,307	1,577	n/a	3,154	1,052	n/a	n/a	3,154	3,154	3,154	1,052	n/a	NO
Waverley	130,000	16,476	11,406	7,604	3,802	1,903	3,802	1,903	3,802	3,802	665	n/a	n/a	YES
Woking	103,900	12,000	3,600	2,400	2,400	n/a	600	n/a	1,200	n/a	6,000	1,458	600	YES

* per group member

** £147 + £58 per group member

*** per group member but SRA only paid to opposition group leaders

**** Political Group Leader with 10% or more of the Council’s membership: £5,197
Political Group Leader with up to 10% or more of the Council’s membership: £4,009

Appendix 4 – Financial implications

Allowance	Current Allowance (2023-24) £	Number	Current total per annum £	Recommended Allowance £	Recommended Allowance Calculation	Recommended Allowance total per annum £
Basic (BA)						
Total Basic:	**8,348**	**48**	**£400,704**	**8,579**	40% PSD	**411,792**
Increase						**11,088**

Special Responsibility:						
Leader of the Council	16,692	1	16,692	21,448	250% of BA	21,448
Deputy Leader	8,348	1	8,348	8,579	100% of BA	8,579
Members of the Executive	6,677	8[1]	£53,416	6,434	75% of BA	51,472
Chair: Planning Committee	6,677	1	6,677	6,434	75% of BA	6,434
Mayor	6,677	1	6,677	6,434	75% of BA	6,434
Chair: Overview & Scrutiny Ctte	6,677	1	6,677	4,290	50% of BA	4,290
Chair: Corp Gov & Standards Ctte	4,174	1	4,174	4,290	50% of BA	4,290
Chair: Licensing Committee	4,174	1	4,174	2,145	25% of BA	2,145
Deputy Mayor	4,174	1	4,174	2,145	25% of BA	2,145
Chair: Executive Advisory Board	4,174	2	8,348	2,145	25% of BA	4,290
Vice-Chair: Planning	-		-	2,145	25% of BA	2,145
Designated Licensing Sub Ctte Chairs	316 per meeting	7	3,160*	71 per meeting	-	710
Group Leaders	83.48 per group member	5	4,007	4,290 (Leaders of groups of more than 10% of members overall) 2,145 (Leaders of groups of less than 10% of members overall)	50% of BA 25% of BA	12,870 4,290
Total SRAs			**126,524**			**131,542****
Increase						**5,018**
Co-Optees' Allowance	419	6	2,514	429	5% of BA	2,574
BA + SRAs + Co-Optees			**529,742**			**545,908**

[1] Excludes the Leader and Deputy Leader, i.e., the Executive has a maximum of 10 members

Increase						**16,166**

*Based on 10 meetings per annum
** This figure would be £6,435 lower if the Council adopted the 1 SRA Only Rule (based on current recipients of SRAs)

Dependants' Carers' Allowance	11.92 per hour			See page 23 above		

Travelling & Subsistence Allowances						
Motor Mileage Allowance						
Cars	45p per mile			45p per mile		
Motorcycles	24p per mile			24p per mile		
Cycle Mileage Allowance:	20p per mile			20p per mile		
Day Subsistence Allowance:						
Breakfast	£6.88					
Lunch	£9.50					
Tea	£3.76			See page 21 above		
Evening Meal	£11.76					
Overnight Subsistence Allowance:						
London	£102					
Elsewhere	£89					

Appendix 5

Review of Councillors Allowances 2023

Summary of Councillor Questionnaire Responses

25 councillors completed the questionnaire (52%).

Q2. Select the option that applies to you. I am:
Employed: 13
Self-employed: 4
Retired: 8

Q3. Tell us how long you have been a councillor for. I have been a councillor since:
2016: 1
2019: 7
2021: 1
2023: 14
Not stated: 2

Q4. What is the number of hours you spend on Ward work (including phone calls, letters, visiting constituents etc.
Average: 5 hours per week

Q5. What is the number of hours you spend attending political group meetings?
Average: 1.5 hours per week

Q6. How many hours do you spend on preparation for Council/Executive/Committee/Working Group meetings?
Average: 3.5 hours per week

Q7. How many hours do you spend attending those meetings?
Average: 3 hours per week

Q8. How many hours do you spend attending external meetings, as part of your role as a councillor?
Average: 1.5 hours per week

Q9. How many hours do you spend on activities, as a result of your holding a Special Responsibility?

Average: 1.5 hours per week

Q10. Specify any other activity you spend time on each month. Give the number of hours for this.

- “No other activity, but please note that special responsibility activities include formal meetings themselves, plus working group meetings, meeting prep, one to ones with officers and informal”.
- “Meetings/discussions with other special responsibility holders about issues relating to our roles.”
- “Emails are by far the most time-consuming part of being a Councillor. Keeping up with emails takes me around half an hour every night at least.”
- “Case work, street surgeries, reading and answering emails.”
- “I have recently undertaken training as a new councillor and have not yet started my role as an NHS governor yet my hours may therefore not entirely accurate.”
- “Site visits as vice chair planning committee - variable. in the last month I spent at least 5 hours on site visits.”
- “Chairman's briefings every month, one hour per briefing”
- “Application briefings up to two hours per briefing”
- “Developer information events, two hours.”
- “Community events, such as wellbeing team networking, surrey university showcase. each of these was 4-5 hours. Launch of Surrey Maths School 2 hours."
- “Not sure if parish councils fall in this section - have put the hours in above at 10 hours attending external meetings - I have 3 parish councils in my constituency which meet most months for about 2-3 hours each time.”
- “We also have regular training sessions which generally last about 2 hours. There have been a lot of these since the elections in May.”
- "Reading and filing emails takes at least one hour per day. We are all overwhelmed with emails.”
- “Organising, promoting and then holding ward drop-in surgery - 3 hours every two months.”
- “Attending or watching briefings - 8-15 hours per month dependent on what each month throws up.”

- “Training - has been around 8 hours per week in first three months of term. Hopefully less than that going forward, but already 2 hours in September (excluding travel).”
- “Am also undertaking an LGA leadership course funded by GBC - three full weekends away from home over three months.”
- “I am sure I have underestimated the amount of time I spend on my lead and ward member councillor role. I feel it could be a full time job.
- I spend an average of 8 hours per month as Historic Environment and Design champion.”
- “Lead Exec for Finance & Assets. This squeezes most other stuff out.”
- “I am a trustee for a local charity. I have not yet attended their meetings but I would estimate that they would be 2-3 hour every quarter year.”
- “Mentoring work 4 hrs (1 hour per week).”
- Youth club work 4 hrs per month."
- “Social Media - 12 hrs/month.”
- “Press - 2hrs/month."

Q11. What would you say would be the right amount of time for a councillor to spend on council work?
Average: 10 hours per week

Q12. Do you feel the current allowances scheme adequately meets the expenses you incur in performing your duties and responsibilities as a councillor?
Yes: 13
No: 12

If you answered 'No' explain why:

Response 1
"The primary issue is not so much the expenses directly incurred from performing duties and responsibilities (e.g., travel, printing costs, time spent, etc) but rather the opportunity costs caused by the responsibilities of being a councillor. These are not a problem if you are retired but are a significant problem if you need to earn a living.
For instance, if you are a planning committee member and have a day job (which is the case for myself), then you might not finish work until 5.30pm and will then immediately need to spend up to half an hour travelling to the council offices for a briefing for committee members on planning appeals at 6pm, followed by a planning committee at 7pm which might not finish until 10pm or 10.30pm, meaning it might not be 11pm until you get home. This leaves you no

time to cook, meaning that you will undoubtedly end up needing to spend additional money on a purchased meal. However, because you have not been away from home on council duties for half a day, you cannot claim for such a meal via the allowances system, and in any event the bureaucratic hassle of doing so means it's very rarely worth the effort to claim even when you are eligible to do so.

On top of that, the time commitment of that planning committee meeting means you will have effectively worked a 14 hour day (assuming you started work at 9am) but will still have to be up in time to start work at 9am the following day. Whilst this is theoretically possible, the reality is that the toll of all of these additional hours spent on council duties makes it impossible to work a full time job *and* perform your council duties diligently *and* also have any time for rest or a family life. The only way to solve this conundrum and avoid burnout (which is an issue which seems to routinely affect all councillors with day jobs) is to reduce your working hours (if your job will permit that), but this is likely to entail a significant reduction in your earned income (and career progression) which is beyond proportion to the amount of time being directly spent on being a councillor. The 40 hour working week was created for a reason, but the difficulty of being a councillor whilst needing to also earn a living result in councillors either working considerably longer hours than is healthy or in needing to spend money on things like cleaning and taxis and buying meals to make up for the lack of time they have left for cooking, housework and family time.

Additionally, while the time commitments of being a backbench councillor might theoretically be something which one can fit around a full-time day job (which is necessary given that being a councillor does not, and is not supposed to, yield an income one can live on), it is impossible to fit the responsibilities of being a portfolio holder (or equivalent committee chair) around a day job. When you factor in meetings with council officers, working group meetings and briefings (all of which need to happen during the working day for the benefit of council officers) it is simply impossible to combine these responsibilities with a day job without working a 60 to 80 hour week across one's councillor duties and one's day job. However, because SRAs plus the basic allowance are not remotely sufficient to live on in Guildford, and because it is very difficult to find a part time day job with the flexibility needed to fit in daytime council duties (which are very unpredictable and subject to change at short notice), most SRA holders seem to exist in a state of perpetual exhaustion/sacrifice of any personal or family life, which is detrimental to both the performance of council duties and to the wellbeing of councillors.

As such it is entirely unsurprising that councillors, as a whole, are so grossly unrepresentative of the general population in terms of demographics. As a well-paid professional, with a very flexible and low-stress job, without a family or partner and who is willing to essentially sacrifice my entire personal life, I am able to balance things financially at the cost of recurring burnout, depression and harm to my wellbeing. But I cannot imagine how anyone on the average wage in Guildford, let alone someone earning below average wage or with significant caring responsibilities, could possibly afford to be anything other than a backbench councillor."

Response 2
"This is tricky as I feel I will have spent more time on training which is hopefully reducing, I do expect my caseload to pick up but at this point I do not have any oversight to the level. At this point I feel I probably spend more time and it does not compensate for the income lost due to me reducing my hours."

Response 3
"The fluctuation in hours required, coupled with the anti-social hours to complete casework."

Response 4
"do not get any fuel allowance for travelling around the ward meeting constituents, handling planning queries etc involves site visits - do not get any allowance for meeting with Watts Gallery [the external organisation I was elected to represent] plus other groups that are part of the community like Guildford Shakespeare Company who do a lot of outreach work - 17000 engagements last year of which 13000 were not paid for - I would like to support these groups and visit them and/or the sites they help out like schools and HMP Send"

Response 5
"I have had to reduce my working hours, and the councillor allowance does not cover the reduction in my wages."

Response 6
"For the amount of time required to carry out my ward and lead member responsibilities as well as the responsibility it carries the current allowance scheme means that other outside paid work needs to be done if one wishes to be able to pay living costs especially living in an area where rents and cost of living is high (southeast). Leadership needs time to be done properly, not just to read all the papers but to be able to do the critical and thoughtful thinking that is required. We receive less on a pro-rata basis than a basic officer level salary and yet are expected to make decisions and represent the council publicly, be open to abuse and public criticism. Having to carry out paid work alongside my lead member role is exhausting and stressful and is leading me to having an

unhealthy lifestyle - not enough sleep or physical activity as there simply isn't time in the day.”

Response 7
"You really have to manage the rest of your life around councillor work and that can cause issues with your other work and your family. I have 2 small children so it can affect how much time I can devote to them when I can't keep the balance right.
I feel the amount of work would deter many people of working age from becoming councillors and if they tried it even more so. We need a cross section of the population and I worry that we have too many retired people who perhaps don't appreciate the demands of a young family in particular."

Response 8
"If I look at the allowance and how many hours I do, it works out as minimum wage for a part time job that Involves evenings, weekdays, finding childcare, time away from family in the evenings. It requires a level of understanding which also requires reading large agendas and researching which also takes up many hours of the day along with the emails. Plus, the travelling to and from council meetings with often no time to get dinner when you have meetings from 5-9pm, travel time out to Parish and residents for example. I also have to find time in the week to work on my own business. Most meetings last 2 hours and some committees have even longer meetings.”

Response 9
“Since I have become a Councillor, reduced my main job hours and the cost of living.”

Response 10
“I don't claim any expenses as I believe that is why we get the allowance.”

Response 11
“It doesn't effectively financially recompense a conscientious attempt to cover all areas of a councillor’s activity. But most councillors do not enter the role as a job, and do not expect to be rewarded as such, it is a token payment to reflect the work put in by members of the community who are carrying out the role as volunteers.”

Q13. In your time as a councillor, have you incurred losses for which you have not been recompensed?
Yes: 5
No: 19

Not stated: 1

If you answered 'Yes' explain why:

Response 1
“Bus fares, taxi fares when buses have been running too late to get me to a meeting on time or where I've got out of a meeting after buses have stopped running, and countless meals because either council meetings left me no time to cook before or after a meeting, or because council duties on top of work have left me too exhausted to cook for myself even when I theoretically have had time to do so. Not to mention purchasing teas/coffees, etc when meeting with residents to discuss casework issues. I would estimate that these costs probably run to around £200 to £300 a month.”

Response 2
“Purely income lost by having to take a day off, I am self-employed if I have a long meeting, I will have to take the entire day off.”

Response 3
“I do not claim travel costs but that is my choice.”

Response 4
“Expenses such as travel I can't bother to claim.”

Response 5
“A lot of travelling is done by private vehicle to and from Guildford for Council meetings and within the ward on ward business and to various sites within and outside the ward for planning site visits. Having never kept a record of such distances travelled, a quantification would only be a rough estimate and the figure would differ if based solely on fuel used rather than a rate per mile which would include an element for vehicle wear and tear.”

Q14. Was the Scheme of Councillors’ Allowances a relevant consideration in deciding whether to stand for election as a Borough Councillor?
Yes: 7
No: 18

If you answered 'Yes' explain why:

Response 1
“If allowances were any less than they currently are then I absolutely could not have afforded to re-stand for another four years as a councillor.”

Response 2
"Part of me feels like it ought to be voluntary but at the same time the level of responsibility and the hours demanded are much higher than you would expect from a voluntary position. The main issue is competence. This is a serious and significant position and it falls on us to take it seriously which means learning a lot of information in areas which we would otherwise have no interest so that we can fulfil our duties as professionally as possible. Truthfully, I often think it should be a full time position or at the very least a permanent part time position and paid accordingly".

Response 3
"The allowance has made it possible for me to reduce the number of days I work as a teacher so I can dedicate more time to my council work."

Response 4
"If there wasn't an allowance then i wouldn't have been able to stand as a Councillor."

Response 5
"It is an allowance rather than income but we still get taxed on it - I think if you add up the hours spent on GBC work it would be about the same as the minimum wage. It is not an issue for me but getting childcare covered or caring responsibilities will probably be a problem for some people. This could mean there is less diversity as it may not appeal to certain groups of people."

Response 6
"Not when I initially stood as a councillor. However, I have had to reduce my hours at work in order to meet the demands of being a councillor and the reduction in my wage is not compensated by the allowance. It is likely to be a consideration going forwards. It does mean that being a councillor is largely the preserve of the affluent or retired and cannot represent the demographic of the ward."

Response 7
"I had to work out whether I could do this role alongside paid employment given that so much time is required. Without at least some recompense for the time required I would have not thought about standing. Councils need to be represented by members from the whole community. Low allowance payments automatically exclude many members of our community and thus we risk not hearing their voices nor getting their needs represented. Allowance payments were probably initially set when councillors were mainly retired and wealthy people not relying solely on the state pension and who needed an activity to

keep them busy. This is no longer the case. If we are to encourage the many good people who could represent their communities within the larger community then allowances need to be raised. By increasing diversity, we will end up with better governance."

Response 8

“To be honest I didn't think about the allowances or check the level though I knew you did get them. Perhaps as a Labour candidate I didn't expect to get elected so it wasn't a major concern.”

Response 9

"I don't like my time being considered as 'free', because it always then gets squandered by other people. For me, it felt right that there was an amount put on it. I am in a position where I am not needing to do this for money but am very aware that this is different for many of my colleagues".

Response 10

“Yes, a consideration as I also have a young family so have to consider all financial and working commitments.”

Response 11

“I stood to make a change in my community, it was never about allowances.”

Response 12

“No, I don't think people should be doing it for the money. The allowance covers any expenditure I have a month.”

Response 13

"It's a voluntary role and people generally stand for election because they want to do something for others or contribute to the community. There needs to be a balance between recognition for time spent on duties and not making it a salary (which could make it a job for some rather than a calling). That said, the level of allowance does mean that many of us who are not retired need to focus primarily on the day job - and I think that can be to the detriment of council work (e.g., not enough time in the working week to see constituents; rush to 3-hour meetings straight after work; less time to work on difficult pieces of work, etc). It could be argued that a higher allowance might enable more part-time work, allowing for more time to be spent on council matters."

Response 14

“As indicated above, whilst it is gratifying to receive some recompense for the considerable number of hours put in, the payment of an allowance was not a significant factor in my deciding to stand and I suspect that most councillors take a similar view."

Q15. Which Committees do you serve on and what is your role (Chair, Vice Chair or member)?

1. Member of: Planning, Corporate Governance & Standards, Executive.
   Chair of: Planning Policy Board, Climate Change Board, Planning Improvement Board.
   Member of sundry other working groups/board external to GBC in my capacity as portfolio holder.
2. Member of Planning Committee, G-Live Leisure Group, Armed Forces Champion, Strategy and Resources
3. Fulltime member of both the Planning Committee and the Corporate Governance & Standards Committee.
4. O&S, Community EAB
5. Executive Lead councillor for Regulatory and Democratic Services,
   Guildford and Waverley Joint Governance Committee
   Executive Shareholder and Trustee Committee (sub)
   Planning Committee (sub)
6. Member CG&S, joint governance committee, full council.
7. Planning Vice Chair
   Resources EAB member
   Corporate Governance & Standards (substitute)
   Overview & Scrutiny (substitute)
8. Chair Community EAB
   Joint EAB
   Overview & Scrutiny
   Licensing
   Full Council
   Employment Committee
9. Community EAB - Member
   Constitution WG
10. Full Council
11. I am deputy leader, so vice-chair of the Executive. I also serve on the licensing committee and am a board member of two companies in which the council has an interest.
12. Full Council, Planning and one of our Resources Executive Advisory Board
13. Sub member on Planning Committee
    Member of Licensing Committee
    Member of Executive Committee

Member of Climate Change Board
Member of Constitution Review Board

14 Planning Committee,
Substitute on the O&S committee (though I attend them anyway)
Also several working groups that are just getting started on leisure facilities and housing

15 Full Council

16 Licencing committee - member
Executive advisory group - member

17 Licencing Committee
Overview & Scrutiny
(Sub on two other committees + 2 working task groups)

18 Chair Corporate Governance and Standards Committee
Resources Executive Advisory Board - Member

19 Member of:
Planning
Overview and Scrutiny
Full Council

20 Overview and Scrutiny Committee - Chair
Corporate Governance Committee - member
Full Council - member
Capital, transport and infrastructure projects board member
Shaping Guildford's Future board member
Weyside Urban Village board member
Planning Committee - substitute member
Licensing Committee - substitute member
Weyside Urban Village Board - member

21 Appointments
Employment
Guildford and Waverley

22 I chair the Planning Committee
I am an ordinary member of the full council, Corporate Governance and Standards Committee, Guildford & Waverley Joint Appointments Committee and the Overview & Scrutiny Committee.

23 Licensing Committee as a Member

24 Licensing Committee - Chair
Policy Programme Board - member
Climate Change Board - member
Strategy Executive Advisory Board - member
AONB Board - member

25 Planning Committee
Licensing Committee (one of a number of Deputy Chairmen)
Financial Recovery Committee (through position of leader of GGG).

Q16. Put the committees into your preferred order from 1 to 6 in the order of importance to you. 1 being the most important and 6 the least important.

Result:

1. Planning
2. Overview and Scrutiny
3. Corporate Governance and Standards
4. Licensing
5. Community EAB
6. Resources EAB

Rank	O&S	Licensing	Planning	CGSC	CEAB	REAB
1	5	0	14	5	0	0
2	12	6	3	3	0	0
3	5	1	7	10	1	0
4	1	11	0	4	6	2
5	1	1	0	2	13	7
6	0	5	0	0	4	15

Q17. Are you aware of any instances where the Scheme has influenced prospective councillors in their decision on whether to stand for election as a Borough Councillor?

Yes: 6
No: 18
Not stated: 1
If you answered 'Yes' explain why:

Response 1
“Of all the councillors I know who were elected for the first time in May, every single one would not have done so if it had not been for the allowances scheme offering at least some recompense for time spent on council duties.”

Response 2
“There's no way most could afford to do it. At least not properly.”

Response 3
“As someone who was searching for prospective candidates in the recent elections, I heard a handful of people who would have made excellent councillors tell me that they could not afford to be councillors.”

Response 4
"I know several who could not afford to be a councillor if they were not remunerated. This tends to vary according to political party. The members range from one who works as a cleaning lady, to one who likes to boast of his private helicopter".

Response 5
“I know some councillors who are dependent on the allowance and it is their main source of income. Many are also councillors at Surrey County Council.”

Response 6
"After the election in 2019 it was apparent that there were a number of Councillors that did not seem to contribute in any way to Council meetings or be involved in any Boards or Working Groups. There is a general term I have heard a lot, only 20% do the work, 80% just turn up (with papers unread!). Let’s hope this next 4 years are different."

Q18. Do you have any other comments you would like the Independent Remuneration Panel to take into consideration during the review of this Council’s scheme of Councillors’ Allowances or suggestions on how you would like to see it improved?

Response 1
"I would suggest the following changes:
Take account of additional time commitments for membership of some, but not all, committees (e.g., planning, CG&S) and boards/working groups which meet during the daytime. Take account of likely loss of earnings as part of your calculations, and the aspects of councillor duties which will conflict with the ability to perform regular employment. Replace the opposition leader allowance with a significant increase in the group leader's allowance as this would be a more equitable way of recognising the responsibilities of both opposition and administration at GBC, rather than it being an all or nothing system which rewards the leaders of the two largest groups but ignores the others. Reduce, but not eliminate, the public service discount for being a councillor."

Response 2
“Given the financial position of the Council there is no way increases in allowances should be recommended.”
"I think it would be good to flag to new/all councillors that they might be entitled to Special Leave through their workplace depending on each employers’ policies in place. I get 2 weeks paid leave which helps as for example the Police and Crime Panel takes at least half a day during my working day. I am not clear

how the tax works on the allowance as I am a higher rate taxpayer but don't think I pay 40% on the allowance - does it get taxed at a different rate? It would also be good to be able to submit expenses through an online portal rather than hard copy paper into GBC offices".

Response 3

"The allowance scheme, to my mind, is neither fish nor fowl. It is not adequate recompense for the time spend on council activity (if one considers this a job) but was not a factor in my choosing to stand as a councillor. However, I am aware that others consider the allowance as a salary."

Response 4

"I would like to ask the Independent Remuneration Panel to consider what level of expertise and experience they would like councillors to have and then rate that alongside the pay scale of officers and review on that basis. We expect our councillors to be pillars of the community, active and helpful facilitators, ambassadors for a multi-million pound organisation and yet remunerate them as if they are part-time 'almost' volunteers with expenses. I would take on far more community activities as well as sit on more boards and take on more sub-committees if I had more time available. Councils would be better places if they could take on the best people available who want to give their time to the community in a really positive way. And that doesn't mean elderly, retired, mainly male wealthy people on good pensions :)"

Response 5

Really to consider the points raised earlier about whether the allowances scheme is at a sufficient level to retain people with children for example, to continue.

Response 6

Travel allowance.

Response 7

"While I have only been a borough councillor since May 2019, I was previously a councillor from 1991 to 2011 and was in full-time employment for much of that time. I am in a fortunate position of being retired and am therefore able to commit more hours to being a councillor. Other people have to fit their responsibilities around being in full-time work and I know from experience that employers are not always sympathetic if councillors need to take time off for council duties. That can be held against members when it comes to career progression and may influence their decision on whether to stand again in future. I feel that it is important that the scheme of allowances reflects that situation."

Response 8
I do not believe that there should be any increase in Councillors' allowances at the moment given the current financial position of the Council. I would refuse an increase at this time.

Response 9
I do not consider in the present circumstances; allowances should be increased - would send the wrong message to Council Taxpayers. I would though, be equally averse to them being reduced.

Q19. If you were looking to make financial savings within the current scheme of allowances, what should the panel consider?

Response 1
"There are none. If we are serious about allowing people from all walks of life to be councillors and about ensuring that councillors have time to do their jobs properly, whilst retaining some measure of wellbeing, then we need to pay more to accomplish this. Alternatively, if we wish to continue to live in denial about how the system of allowances makes it far harder for some to be councillors than others, then the worst we could do is ensure the existing allowance scheme keeps pace with inflation."

Response 2
Reduce the number of councillors and pay those that remain better.

Response 3
across the board percentage decrease.

Response 4
I would increase the allowance not reduce it.

Response 5
"Remove the office of Mayor with all the attendant civic costs and have the Full Council chaired by a rotating Chair.

Response 6
None. I think people on committees where you have to spend a lot of time reading and researching, should perhaps be compensated for that additional work.

Response 7
I won't not suggest lowering it in any way. Perhaps adding value, similar to an employee benefits plan would be beneficial.

Response 8
Freezing increases for a specific period of time.

Response 9
Do not increase it.

Response 10
Councillors experience hardship in the same way as the rest of the population. I would suggest that the only potential saving would be to freeze allowances at their current level for the next four years.

Q20. The Independent Remuneration Panel would like to interview a selection of councillors as part of the review of allowances. Would you like to be interviewed by the Panel?
Yes: 14
No: 11

GUILDFORD BOROUGH COUNCIL

DRAFT COUNCILLORS' ALLOWANCES SCHEME (based on the recommendations of the IRP)

This Scheme of Councillors' Allowances (to be approved by the full Council on 5 December 2023) is made in accordance with the provisions of the Local Authorities (Members' Allowances) (England) Regulations 2003 as amended.

1. The Guildford Borough Council Scheme of Councillors' Allowances shall come into effect on 1 April 2024.

Interpretation

2. In this scheme:

- "councillor" means an elected member of Guildford Borough Council who is a councillor.
- 'member' means any person who is either a councillor or a co-opted member.
- "co-opted member" means any person who is not a councillor but who has been appointed by the Council to sit on a committee or sub-committee of the Council whether as a voting or non-voting member.
- "year" means the 12 months ending on 31 March in any year.

Basic Allowance

3. Subject to paragraph 8 below, a basic allowance comprising £8,579 per annum shall be paid to each councillor.

Special Responsibility Allowance

4. Subject to paragraphs 5 to 8 below, a special responsibility allowance shall be paid to those councillors who hold a position of special responsibility as specified in Schedule 1, and such allowance shall be in addition to the basic allowance payable under paragraph 3 above.

5. The amount of each such allowance shall be the amount specified against the respective special responsibility in Schedule 1.

6. A councillor shall not be entitled to receive at any time more than one special responsibility allowance. If a councillor qualifies for more than one special responsibility allowance, they shall receive the higher-valued special responsibility allowance.

7. The maximum number of recipients of SRAs at any one time shall not exceed 50% of Council Members (24 Members).

Part-Year Entitlement

8. If, in the course of the year, this scheme is amended or a councillor's entitlement changes, the relevant basic and/or special responsibility allowance shall be calculated and paid pro-rata during the particular month in which the amendment to the scheme or change to entitlement occurs.

Dependants' Carers' Allowance

9. Dependants' Carers' Allowance shall be paid to those councillors who necessarily incur expense in arranging for the care of their children or other dependants to enable them to undertake any of the duties specified in Schedule 2 to this Scheme.

10. The following conditions shall apply:

Level 1 (a) – A £500 annual allowance for Councillors where there is one or more children aged 12 or younger that normally reside in their household and for whom they are caring. This allowance would only be payable until the child's 13th birthday. This allowance would be taxable.

Level 1 (b) – A £500 annual allowance for Councillors where there is one or more persons that normally reside in their household and for whom they are a registered carer. This allowance would be taxable.

Level 2 – This shall be for specialist care based at cost upon production of receipts and requiring medical evidence that this type of care is required. This allowance would not be taxable and shall apply for councillors with caring responsibility for persons of any age. There shall be no limit to these claims, provided that they are made in respect of approved duties.

11. Councillors shall only be entitled to claim one dependants' carers' allowance (at either Level 1 (a) or (b), or Level 2) regardless of circumstances. Councillors wishing to claim for this allowance will be required to submit proof on an annual basis such as a child's birth certificate and/or official confirmation that they live at their address, being formally registered as a carer with a GP, or professional medical evidence before the Allowance will be payable.

Co-optees' Allowance

12. The Council shall pay a co-optees' allowance of £429 per annum to each co-opted member.

Indexation

13. The basic allowance, special responsibility allowances, dependants' carers' allowance, and co-optees' allowance shall be adjusted annually in line with the percentage increase in staff salaries at Guildford Borough Council. The adjustment shall take effect on 1 April in each year until 1 April 2027. Where staff salaries are increased by way of a lump sum payment, the Allowances referred to above shall be adjusted by applying an average percentage increase.

Travel and Subsistence Allowance

14. An allowance shall be paid to any councillor for travelling and subsistence in connection with any of the duties specified in Schedule 2.

15. An allowance shall be paid to a co-opted member of a committee or sub-committee of the Council for travelling and subsistence in connection with any of the duties specified in Schedule 2, provided that their expenses to cover travel and subsistence costs are not also being met by a third party.

16. Councillors or co-opted members:

(a) will be reimbursed the cost of second class or any available cheap rate travel using public transport on production of a valid ticket in respect of any of the duties specified in Schedule 2;

(b) are entitled to travel by taxi or private hire vehicle where no public transport is reasonably available or for reasons of health/disability/safety. Reimbursement will be on the basis of the fare. In order to allow reimbursement of such claims, a valid receipt or proof of purchase of ticket for each journey must be submitted; and

(c) shall be permitted to claim for reimbursement of any reasonable parking charges incurred whilst on any of the duties specified in Schedule 2.

17. A flat rate motor mileage allowance of 45p per mile in respect of cars and 24p per mile in respect of motorcycles shall be payable. A flat rate cycle mileage allowance of 20p per mile shall also be payable.

18. <u>Subsistence Allowance:</u>
Reasonable subsistence allowances will be paid for the approved duties specified in Schedule 2, provided that:

(a) subsistence allowances are only payable for attending approved duties outside of the Borough;
(b) refreshments are not provided as part of the meeting/function attended.
(c) meal allowances will be paid only where a member is undertaking an approved duty which involves their absence from home for a period exceeding four hours; and
(d) all claims are accompanied by valid receipts.

<u>Overnight Accommodation:</u>
There is no set allowance for overnight accommodation. However, councillors should endeavour to stay in accommodation which provides good value for money but, if the reason for requiring overnight accommodation is to attend a training event, conference, or similar event, councillors may stay overnight at the venue being used for that event. Receipts must be provided with all claims for reimbursement of accommodation costs.

Reimbursement of reasonable overnight accommodation costs will also only be payable for attending approved duties outside of the Borough.

By way of guidance, it is considered that overnight accommodation costs ranging from £100 to £150 are deemed to be “reasonable”, dependent on the location. All overnight accommodation should be pre-booked by officers wherever possible. No claims for alcoholic drinks will be reimbursed.

Recovery of Allowances Paid

19. Where payment of any allowance has already been made in respect of any period during which the member concerned:

(a) ceases to be a member of the Council, or
(b) is in any other way not entitled to receive the allowance in respect of that period,

the Council shall require that such part of the allowance as relates to any such period be repaid to the Council.

Claims and Payments

20. Payments shall be made for basic, special responsibility and co-optees' allowances in instalments of one-twelfth of the amounts respectively specified in this scheme, on the 15th day of each month.

21. A claim for travelling and subsistence or dependants' carers' allowance;

- shall be made on such form as may be provided for that purpose within six months from the date of the performance of the duty for which the claim is made;
- shall be accompanied, where appropriate, by receipts and/or any relevant evidence of the costs incurred.
- shall be subject to such validation and accounting procedures as the Chief Executive may from time to time prescribe.

22. Travelling and subsistence and dependants' carers' allowance shall be paid on the 15th day of each month for any claim received not less than 14 days before that date.

23. Where a councillor is also a member of another authority, that councillor may not receive allowances from more than one authority in respect of the same duties.

Records of Allowances and Publications

24. The Council shall keep a record of payments made by it under this scheme, including the name of the recipients of the payment and the amount and nature of each payment.

25. The record of the payments made by the Council under this scheme shall be available at all reasonable times for inspection by any local government elector at no charge. A copy shall also be supplied to any person who requests it on payment of a reasonable fee.

26. As soon as reasonably practicable after the end of each financial year, the Council shall make arrangements to publish the total sums paid by it to each recipient for each different allowance.

Renunciation

27. A councillor may at any time and for any period, by notice in writing given to the Democratic Services and Elections Manager, elect to forgo any part of their entitlement to an allowance under this scheme.

Parental Leave Arrangements for Councillors

28. All councillors shall continue to receive their Basic Allowance in full for a period up to six months in the case of absence from their councillor duties due to leave related to maternity, paternity, adoption shared parental leave or sickness absence.

29. Councillors entitled to a Special Responsibility Allowance shall continue to receive their allowance in full for a period of six months, in the case of absence from their councillor duties due to leave related to maternity, paternity, adoption, shared parental leave or sickness absence.

30. Where for reasons connected with sickness, maternity leave, adoption leave, paternity leave or shared parental leave, a councillor is unable to attend a meeting of the Council for a period of six months, a dispensation by Council can be sought before the expiry of that six-month period in accordance with Section 85 of the Local Government Act 1972.

31. If a replacement to cover the period of absence under these provisions is appointed by Council or the Leader (or in the case of a party group position the party group) the replacement shall be entitled to claim a Special Responsibility Allowance pro rata for the period over which the cover is provided.

Revocation

32. The Scheme of Allowances adopted by the Council on 5 December 2023 is hereby revoked with effect from 1 April 2024.

Schedule 1

Special Responsibility Allowances

The following are specified as the special responsibilities for which special responsibility allowances are payable and the amounts of those allowances:

Tier	Special Responsibility	Basis of calculation	Amount £
One	Leader of the Council	250% of the Basic Allowance	21,448
Two	Deputy Leader of the Council	100% of the Basic Allowance	8,579
Three	Executive Members (excluding Leader and Deputy Leader) Chairman of Planning Committee Mayor	75% of the Basic Allowance	6,434
Four	Chairman of Corporate Governance and Standards Committee Chairman of Overview & Scrutiny Committee Political Group Leaders (of groups comprising more than 10% of members overall)	50% of the Basic Allowance	4,290
Five	Chairman of Licensing Committee Chairmen of Executive Advisory Boards Deputy Mayor Vice-Chairman of Planning Committee Political Group Leaders (of groups comprising less than 10% of members overall)	25% of the Basic Allowance	2,145

	Designated Licensing Sub-Committee chairmen	See para 4.48 of the IRP report	71 per meeting chaired

Schedule 2

Approved Duties - Dependants' Carers' and Travelling and Subsistence Allowances

The approved duties for which these allowances are payable include:

(i) attending a meeting:

- of the Council, the Executive, a committee of the Executive, an Executive Advisory Board, or a committee or sub-committee of the Council including any agenda briefing in connection with any such meeting
- of some other body (including a committee, sub-committee or working group of such body) to which the Council makes appointments or nominations including any agenda briefing in connection with any such meeting
- which has **both** been authorised by the Council, a committee, or sub-committee of the Council or a joint committee of the Council and one or more other authorities, or a sub-committee of a joint committee **and** to which representatives of more than one political group have been invited
- of a local authority association of which the Council is a member

(ii) formal site visits and other meetings authorised in advance by a committee or sub-committee

(iii) Attendance at:

- meetings convened by, or on behalf of, the Joint Chief Executive, a Strategic Director, or an Executive Head of Service
- training courses, seminars or presentations held for councillors by the Council or approved third parties
- Overview and Scrutiny work programme meetings
- Executive Advisory Board work programme meetings
- a meeting of any task group, working group, board, or panel of councillors established by the Council, the Executive, a lead councillor, a committee, or an Executive Advisory Board
- any task and finish group established by the Overview and Scrutiny Committee
- meetings of a local parish council, parish meeting, residents' association, local amenity group or neighbourhood meetings with police in a local ward councillor capacity
- councillor ward and constituency activities including attendance at ward surgeries.

December 2023

Guildford Borough Council & Waverley Borough Council

Report to: Executive

Date: 23 November 2023 (Guildford)

Date: 28 November 2023 (Waverley)

Ward(s) affected: All

Report of Director: Transformation & Governance

Author: Robin Taylor, Executive Head of Organisational Development

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Lead Councillor: Cllr Kiehl (Waverley Borough Council)

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Report Status: Open

Transformation and Collaboration Programme

1. Executive Summary

Guildford and Waverley Borough Councils agreed to enter a collaboration in July 2021, starting with the appointment of a Joint Management Team (JMT) as a way of bringing forward further business cases for collaboration. This report sets out the progress made so far and makes recommendations in respect of future collaboration, including options analyses, governance, and financial matters.

2. Recommendation to Executive

That the Guildford Borough Council Executive and the Waverley Borough Council Executive separately resolve the following, subject to the other Executive also agreeing likewise:

2.1. Note and endorse the Guildford and Waverley Partnership Vision statement in **Appendix 1**;

2.2. Note the progress made to date with regards to the Guildford and Waverley collaboration initiative as set out in Appendix 2 and section 7;

2.3. Adopt the proposed Transformation and Collaboration Programme set out at **Appendix 3**;

2.4. Approve a project to explore the potential benefits of co-locating Guildford Borough Council and Waverley Borough Council staff within shared premises or single HQ, resourced separately from this Transformation and Collaboration Programme, and receive a report for consideration with an options appraisal and recommendations;

2.5. Approve a project to explore a single shared officer structure between Guildford Borough Council and Waverley Borough Council, resourced through the initial Transformation and Collaboration budget allocations, and receive a report for consideration with an options appraisal and recommendations;

2.6. Agree the additional resources as set out in section 10 of this report (£100,000 of revenue and £100,000 of capital. For **Guildford Borough Council** this will be funded from flexible use of capital receipts and the Finance Recovery Reserve. For **Waverley Borough Council** this will be funded from the invest to save reserve) to support the initial start-up of this programme and note how the revenue funding will be spent to secure officer support as set out within **Appendix 4**;

2.7. Note that the initial benefits realisation work with the joint Executive Heads of Service has been carried out by the Organisational Development and Finance Teams, with a rough order of magnitude for savings through collaboration projects at £700,000 but that this figure is expected to increase over time as the detail of more plans is developed;

2.8. Note that the required level of funding to support the delivery of the programme in the longer term cannot be made available at this time, necessitating a phased and prioritised approach in the first instance (focusing more on staff terms and conditions and immediate savings opportunities and less on the broader and more complex questions of the operating model for both authorities);

2.9. Request that consideration be given in February 2024 to how the broader programme can be fully funded and taken forward when the budgets of both Councils are agreed (and adopting a revised programme structure in line with that increased level of funding at that time);

2.10. Approve the principle of the Guildford Borough Council and Waverley Borough Council Executives working in partnership on matters relating to the Transformation and Collaboration Programme;

2.11. Approve the principle of Simultaneous Executive Meetings (SEMs) for the Executives of Guildford Borough Council and Waverley Borough Council to consider matters relating to the Transformation and Collaboration Programme;

2.12. Delegate authority to the Joint Executive Head of Legal and Democratic Services to schedule regular meetings, as required, simultaneously of the Guildford Borough Council and Waverley Borough Council Executives, in consultation with the Leaders of both Councils, and

2.13. Invite Overview and Scrutiny Committees to scrutinise and comment upon the draft options appraisals, the recommendations and the costs and savings before these are finalised and brought back to the Executive for further consideration.

3. Reason(s) for Recommendations:

3.1. The recommendations made are considered by officers as the most appropriate way to:

3.1.1. Articulate and set the framework and goals for the collaborative work between Guildford Borough Council and Waverley Borough Council and provide a direction of travel;

3.1.2. Enable collaborative work to continue with the resources available and allow officers to resubmit bids for funding to deliver the vision in future years;

3.1.3. Ensure Executive members of both Councils can jointly debate and decide matters coming to them relating to the Transformation and Collaboration programme, ensuring transparency and agile decision making across both authorities, whilst maintaining sovereignty of both councils;

3.1.4. Ensure decisions relating to sharing premises and staffing are subject to proper scrutiny; and

3.1.5. Support the plans of both councils to achieve financial sustainability, particularly for Guildford Borough Council in the light of the reset Budget 2023/24 report (Full Council 25 July 2023) and Financial Recovery Plan (Full Council 10 October 2023) and revised Medium Term Financial Plan (MTFP).

4. Exemption from publication

4.1. This report is open and no parts of it are exempt from publication.

5. Purpose of Report

5.1. The purpose of this report is to outline the journey to date of the collaboration between Guildford Borough Council and Waverley Borough Council, including reasons for the collaboration, and to secure agreement from the Executives on the approach for further collaboration.

5.2. This report proposes the Transformation and Collaboration Programme as the approach for collaboration and recommends the Executive agree the recommendations to enable officers to undertake the work needed to realise the benefits of collaboration.

5.3. To secure agreement from the Executives to work closely together when considering matters relating to the Transformation and Collaboration Programme with a view to supporting the vision of partnership working across the two Councils, and to receive proposals for how that may be achieved, whilst maintaining independence and sovereignty.

6. Strategic Priorities

6.1. A vision for the partnership was reported to both Guildford Borough Council and Waverley Borough Council Full Council meetings in July 2021. This vision has been summarised and updated and is presented in this report (Appendix 1) for formal agreement.

6.2. The work of the Transformation and Collaboration Programme will support the delivery of the five principles set out in the vision. In July 2023, Guildford Borough Council's Full Council received the expected Budget review report which set out that council's urgent financial situation[1]. While all councils face critical financial challenges in the medium term, the shared senior officers have reported to Guildford Borough Council that its situation is more urgent and at a larger scale than most. Guildford Borough Council will have to transform parts of how it operates and the services it provides if it is to avoid a "Section 114" declaration, which is a statement by the Chief Finance Officer that expenditure is greater than the available resources. The management team believes that the proposals for the shared Transformation and Collaboration Programme are vital to both councils' sustainability plans and, indeed, that the alternatives (either to pause or reverse collaboration) would represent missed opportunities for cost reduction and avoidable expense. The partnership risk register and the provisions of the Inter-Authority Agreement provide protection for one council from adverse events in the other. The Joint Governance Committee (JGC) is charged with reviewing both the risk register and the Agreement and should

1 https://democracy.guildford.gov.uk/ieListDocuments.aspx?CId=159&MId=1659

continue to do so, with the support of the officer team, in the light of the Guildford Borough Council Budget reset report.

7. Background

7.1. Following a report by the Local Government Association (LGA)[2] commissioned to understand the scale of financial and other benefits that closer partnership working between Guildford and Waverley Borough Councils could unlock, on 6th July 2021 Guildford Borough Council and Waverley Borough Council each agreed to pursue the creation of ‘a single management team, comprising statutory officers (Head of Paid Service; Chief Finance Officer; Monitoring Officer), directors and heads of service as the most appropriate means for bringing forward business cases for future collaboration'. The Joint Chief Executive was appointed in December 2021, followed by the adoption of the Inter-Authority Agreement in April 2022, creation of the JGC, and appointment of Strategic Directors in July 2022. The new JMT of Executive Heads of Services came into effect in October 2022. The creation of the JMT exceeded both councils’ financial savings targets. Since then, the Transformation and Collaboration Programme Initiation Document (PID) (Appendix 5) and programme structure (Appendix 3) have been drafted.

7.2. Financial saving was one potential benefit identified from future collaborative working, but the collaboration initiative also seeks to deliver several non-financial benefits. The Guildford and Waverley Partnerships Vision statement (Appendix 1) states that the ‘partnership will form a stable basis for any future partnership discussions that arise, whether locally or as a result of Government policy’. Collaboration between the two councils seeks to provide opportunities to deliver carbon neutral operations by 2030 (both Councils have declared climate emergencies and have action plans in place) and unlock opportunities to deliver sustainable and resilient public services.

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[2] Agenda for Council on Tuesday, 25th July, 2023, 7.00 pm - Guildford Borough Council

7.3. The creation of the JMT has enabled several early benefits to be delivered by both Councils, through informal and interim collaborative approaches. These are summarised in **Appendix 2.**

7.4. The JMT is exploring longer-term possibilities for providing services differently, digitally, and together with less financial cost and less impact on the environment. The proposals for the structure of the Transformation and Collaboration Programme contained within this report reflect the thinking and planning work which has already been undertaken. As further options for collaboration develop these will be developed into projects and managed through the Transformation and Collaboration Programme

Partnership working between the two Executives

7.5 It is likely there may be several additional matters relating to the Transformation and Collaboration Programme coming before both Executives for consideration as the programme progresses. There may be benefit to the two Executives being able to consider and debate such matters together, including greater transparency, the opportunity for harmonised decisions, and ability to negotiate solutions, as well as reducing officer time and meeting duplication.

7.6 One option would be to make no change. This would mean officers would take separate reports to separate meetings of the two Council's Executives. There would be a time delay between the two meetings which would mean decisions would be made in isolation, and to be effective, may need to be made subject to the decision of the Executive of the other authority. The decision of one Executive would be in the public domain prior to the other Authority considering the same matter. The Executives would be able to observe the meetings of the other Council's Executive and listen to the debate but would have no opportunity to join such a debate.

7.7 A second option would be to schedule SEMs, and this is the recommended approach. Such meetings would be separate meetings of the two Council's Executives, with identical agendas to include matters relating to the Transformation and Collaboration Programme, held at the same time and in the same meeting room. This would allow the

Executives to debate matters collectively and hear the views of the other prior to making their decisions. A separate vote would be taken on each agenda item, meaning that each Executive retained its sovereignty and independent decision making. The location of each meeting would alternate between Guildford and Godalming. Members of each authority would be able to ask questions of their Executive, albeit in the presence of the other authority's Executive. There would be two Chairs present; one for each of the meetings taking place. A protocol may be helpful to govern the practical arrangements of such meetings, but no changes would be required to the constitution of either Council. As set out in paragraph 11.6, Section 102 Local Government Act 1972, as amended by section 9 Local Government Act 2000, permits a Local Authority to establish joint committees of two or more local authorities to discharge any of their functions.

7.8 A third option would be for the Executives of both Councils to form a Joint Executive Committee, comprising of the Members of the Executives of both Councils. This has the added complication arising from the lack of parity in the number of members on each Executive so the 'power' of such a committee would not be equal and for this reason, it is not recommended. This option would require change to each Council's constitution and has an impact on the sovereignty of each Executive.

8. Consultations

Staff Consultation

8.1. The formation of the JMT was carried out in consultation with affected staff and their union representatives from both authorities. This will continue to be the approach taken to any projects which directly affect staff as per each Council's agreed policies. The Chief Executive, Executive Head of Service for Organisational Development and both organisations' HR managers meet on a regular basis with union representatives of both authorities and transformation and collaboration activity is a standing item. In addition to formal consultation and engagement with union and staff representatives, there will be a programme of staff communications and engagement to ensure staff are kept up to date with the programme as it progresses.

Councillor consultation

8.2. This report recommends both Councils' overview and scrutiny functions be invited to engage with the proposed programme as it progresses. Beyond this, councillor briefings will be held at key stages of the process.

Public consultation

8.3 As far as any proposals may affect public-facing services or external stakeholders, the appropriate consultation will be undertaken.

9. Key Risks

9.1. The PID (**Appendix 5**) sets out the risks identified in spring 2023 during the set-up of the Transformation and Collaboration Programme spring of 2023:

9.1.1. The risk of delivering little very slowly if not enough resource is provided or the programme is not prioritised;

9.1.2. The risk we will not be able to afford the IT/Terms and Conditions costs needed to deliver business cases that achieve the vision/objectives; and

9.1.3. The risk we do not have enough expertise in house to deliver a programme of such magnitude.

9.2. The JGC periodically undertakes a formal review (at least once every 6 months) of these and other identified risks on the collaboration risk register, reviewing impact and likelihood scores and making any changes to the list of risks and mitigating actions.

9.3. The main risks to the Programme so far are having a lack of resource to support the programme, including within the enabling functions.

10. Financial Implications

10.1. These are challenging times financially, for both Councils. The Transformation and Collaboration Programme is part of a range of actions aimed at meeting financial shortfalls in both MTFPs. The programme does, however, require resources to carry out critical enabling work required to realise savings from further collaboration.

10.2. Initial benefits realisation work with the joint Executive Heads of Service has been carried out by the Organisational Development and Finance Teams, with a rough order of magnitude for savings through collaboration projects at £700,000. It is clear from this work, and from that of other council partnerships elsewhere over the years, that future savings are likely to be found from the ability to share teams across both councils, thereby realising efficiencies and economies of scale.

10.3. The enabling work needed at this next stage of the programme will focus on establishing the best approach to harmonising staff terms and conditions. It is recommended each Council initially contribute one-off funding of £100,000 of revenue and £100,000 of capital. For **Guildford Borough Council** this will be funded from flexible use of capital receipts and the Finance Recovery Reserve. For **Waverley Borough Council** this will be funded from the invest to save reserve.

11. Legal Implications

11.1. On 6th July 2021, Guildford Borough Council and Waverley Borough Council each agreed to pursue the option of creating and sharing a single management team as the most appropriate means for bringing forward business cases for future collaboration.

11.2. On 5th April 2022, Guildford Borough Council resolved to enter into an agreement with Waverley Borough Council on a jointly agreed set of terms for the purpose of establishing a joint senior management team. On 22nd April 2022, Waverley Borough Council resolved to enter into an agreement with Guildford Borough Council on a jointly agreed set of terms for the purpose of establishing a joint senior management team.

11.3. Section 113 of the Local Government Act 1972 provides a local authority with a statutory power to enter into an agreement with another local authority for the placing at the disposal of the latter for the purposes of their functions, on such terms as may be provided by the agreement, of the services of officers employed by the former, after consulting such officers.

11.4. An inter authority agreement, in accordance with s113 Local Government Act 1972, was executed between the parties of Guildford Borough Council and Waverley Borough Council on 13th September 2022, to govern the provision of a joint senior management team. It was varied on 20th October 2023 to reflect the review in March 2023 carried out by the JGC.

11.5. That joint senior management team, consisting of a Joint Chief Executive, Joint Strategic Directors, Joint Statutory Officers, and Joint Executive Heads of Service, has been created and appointed to. It has been operational since October 2022.

11.6. Section 102 Local Government Act 1972, as amended by section 9 Local Government Act 2000, permits a Local Authority to establish joint committees of two or more local authorities to discharge any of their functions. In April 2022, each of the two Councils, agreed to establish a JGC, in accordance with section 102(1) of the Local Government Act 1972. Within the terms of reference, the Committee's role and function is said to be to undertake periodically a formal review, at least once every 12 months, of the inter-authority agreement, ensuring it continues to be fit for purpose and recommending to both full Councils any changes required. The last such review was undertaken by the JGC in November 2023.

11.7. A further inter authority agreement, in accordance with s113 Local Government Act 1972, was executed between the parties of Guildford Borough Council and Waverley Borough Council on 20th October 2023, in respect of temporary staff sharing arrangements.

12. Human Resource Implications

12.1. The overall drivers for the collaboration between Guildford and Waverley Borough Councils are about providing sustainable services and making financial savings across the two Councils. These are both likely to have significant impact in terms of Human Resources Implications for the workforce.

12.2. The Transformation and Collaboration Programme is likely to result in changes to service delivery, staffing structures and numbers which will involve significant staff and Union consultation in relation to relevant legislation such as the Transfer of Undertakings (Protection of Employment) legislation (TUPE) and consultation on changes to roles and potential redeployment and redundancy.

12.3. The period of the Transformation and Collaboration Programme creates a prolonged period of workforce instability over a number of years and is likely to impact significantly on both Councils' ability to both recruit and retain good quality staff during the transformation period. A workforce strategy will be developed that sets out how both councils will, during this period, ensure employees remain engaged, supported and motivated.

12.4. The interim period has and will continue to provide challenges in terms of managing and preparing the short-term arrangements as well as ensuring appropriate governance, contractual paperwork and system requirements are in place.

12.5. Additional staffing resources will need to be recruited to assist with the delivery of the Transformation and Collaboration Programme or to backfill and allow existing staff to take on the additional work required in the delivery of the programme. The amount of additional resource will depend on the options chosen and the pace at which the project needs to be delivered.

13. Equality and Diversity Implications

13.1. Both Councils will need to ensure they have assessed and understood the equality implications of policy and service changes brought forward as a result of this programme.

13.2. Where options analyses are undertaken and recommendations for change are put forward (including in regard to the two projects to explore the potential benefits of staff co-location and a single shared officer structure recommended at paragraphs 2.4 and 2.5), these will need to be accompanied by Equality Impact Assessments at that time to ensure that change does not discriminate or unfairly impact residents or staff.

13.3. Options analyses and recommendations put forward in regard to the two projects to explore the potential benefits of staff co-location and a single shared officer structure recommended at paragraphs 2.4 and 2.5 will, in particular, need to take account of the responsibility of both councils to provide an accessible and inclusive environment and practices where residents and staff are treated fairly, consistently and with respect.

13.4. Any proposed changes to Council premises will need to have regard to accessibility for people with disabilities.

14. Climate Change/Sustainability Implications

14.1. Proposals for sharing premises and/or co-location will need to have regard to the councils' policies of carbon reduction.

14.2. Collaborative working between Waverley Borough Council and Guildford Borough Council allows for enhanced coordination and planning of carbon reduction projects across a wider administrative region.

14.3. Proposals for the SEMs for the Executives of Guildford Borough Council and Waverley Borough Council will allow streamlined decision making for cross-boundary carbon reduction projects.

Proposals for shared staff, co-location and SEMs allow for the consolidation of resources and reduced duplication of work.

15. Summary of Options

15.1 The main options open to the Executive are:

i. Take the approach recommended within this report
This report sets out a proposed programme of transformation and collaboration for Guildford and Waverley Borough Councils. If the Executives agree the recommendations contained within this report, they will be endorsing the overall programme structure, governance and timelines and agreeing that options analyses be undertaken in respect of the potential for creating a shared workforce and (resourced separately from this programme) premises for both Councils.
Other potential elements of the programme such as looking at a joint operating model and an IT workstream are not currently funded by the allocation within this report but will be included in proposals brought in February (as outlined in recommendation 2.8).

ii. Take no further action on collaboration.
The Executive could choose not to progress the collaboration initiative as set out within this report. The JMT is already in place and the Executives could decide that this joint team will continue to manage the two councils' separate teams and services as they are without any further change, foregoing any future potential opportunities for service development and cost reduction.

iii. Do something else
The Executive could agree to pursue the collaboration in a different way or to a greater or lesser degree. Options for the Economic Case to deliver the objectives of the Programme are set out in the PID (**Appendix 5**). For example, the Executive could resolve to pursue some of the projects referenced within this report but not others or it could ask for officers to focus on something else altogether. If collaboration were to be abandoned,

the termination provisions of the Inter-Authority Agreement would apply and the significant costs of dissolution would have to be reported to both councils appropriately.

16. Background Papers

16.1 Minutes of the Guildford Borough Council meeting 6th July 2021
16.2 Minutes of the Waverley Borough Council meeting 6th July 2021
16.3 Minutes of the Guildford Borough Council meeting 5th April 2022
16.4 Minutes of the Waverley Borough Council meeting 22nd April 2022
16.5 Minutes of the JGC meeting of 17th March 2023
16.6 Guildford Borough Council Constitution
16.7 Waverley Borough Council Constitution

17. Appendices

17. 1 Guildford and Waverley Partnership Vision (Appendix 1)
17.2 Achievements of collaborative working to date (Appendix 2)
17.3 Transformation and Collaboration Programme structure (Appendix 3)
17.4 Investing in Change Capacity (Appendix 4)
17.5 Transformation and Collaboration PID (Appendix 5)

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Guildford Borough Council and Waverley Borough Council Partnership Vision

Guildford and Waverley Borough Councils have agreed to create a robust partnership to provide more sustainable services for local residents, based on these five principles:

1. The two councils will continue to be accountable to their own residents.

2. The partnership will help protect and enhance priority services in the face of the critical local government funding challenge.

3. The partners will seek to do more together than they could separately to respond to the climate emergency.

4. The councils will harmonise internal processes and external service delivery except when there is a good reason not to.

5. This partnership will form a stable basis for any future collaborative discussions.

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Achievements to date for collaborative working between Guildford Borough Council and Waverley Borough Council

Savings

- The new JMT with its business support costs GBC £421k and WBC £438k less than the former teams per year, against a target of £300k per council.
- Coordinated emergency planning contracts with Applied Resilience 2023, improving resilience and a saving in removing the 'red phone' allowance.
- Shared staff wellbeing survey, enabling us to benchmark and compare, and saved 7k on procuring separately.

Staffing

- Appointment of shared Joint Management Team (Chief Executive Officer, Strategic Directors, and Executive Heads of Service) (as listed above).
- Shared S151 prior to JMT 2022
- Shared interim Borough Solicitor in 2022-2023
- Shared temporary Business Manager for Planning 2022/3

Collaborative working

- Joint working on consultations - Levelling Up & Regeneration Bill: 2nd March 2023, Infrastructure Levy: 9th June 2023, AONB: 13th June 2023
- Developed a single committee template for May 2023
- Shared work on UK Shared Prosperity Fund and Rural England Prosperity Fund 2022/3
- Joint response to civil emergencies
- Numerous external meetings reducing duplication
- Shared business event at Charterhouse College 2023
- One-off meetings between the two councils relating to Benefits and differences in service delivery between the two councils
- SCC's Borough and District Flood generic updates – will now be held jointly for Guildford and Waverley BCs – an example of time efficiencies
- Joint Administration of Energy grant application scheme, GBC administering on behalf of WBC.

- Support from Guildford Borough Council to Waverley Borough Council's procurement function

Policies Harmonised

- Pre-election period 2022
- Community asset transfer 2023
- Covert Investigative Powers Policy 2023
- Pay Policy Statements 2023

Guildford Borough Council and Waverley Borough Council

Transformation and Collaboration Programme Structure

This document is a key component of the Strategic Outline Programme (SOP) Business Case. It sets out the structure and approach to designing and delivering the Transformation and Collaboration Programme.

In 2021 Guildford and Waverley Borough Councils commenced discussions about partnership working. Both councils agreed to create a Joint Management Team (JMT) which would be asked to bring forward proposals for further collaboration.

The JMT, which came into existence in October 2022, includes a Joint Chief Executive, Joint Strategic Directors, and Joint Executive Heads of Service.

The Guildford and Waverley Transformation and Collaboration Programme aims to meet a number of objectives:

Principal objective

Bridge budget gaps by making savings.

Other objectives

1. Deliver sustainable and resilient public services
2. Deliver carbon neutral operations by 2030 in both organisations.
3. Realise the aims of the collaboration vision, including the delivery of any agreed business cases for further change.
4. Deliver on existing transformation commitments unless these undermine the above or there is a case for suspending or rescinding these; and
5. Respond to local and national economic challenges in terms of services, contracts, and staffing.

   In Autumn 2022, consultation took place with the JMT and relevant Portfolio Holders of both councils and one-page collaboration proposals were written and evaluated as a first step in the process of building a Transformation and Collaboration Programme. Subsequently, the Executive Heads of Service were asked to identify how both councils can deliver services differently, digitally and together to meet the aims of this collaborative work (listed above). Their proposals, and the budget initially allocated for Transformation and Collaboration work, have informed the approach and proposed Programme structure below.

November 2022 – November 2026	Programme Management
November 2022 – March 2026	Workstream 1 - Terms and conditions, Options Analysis).
October 2023 – November 2026	Workstream 2 - Cost Saving and Revenue Raising Projects (Cashable)

Rationale for this Approach

A programme management approach will be taken to deliver the leadership, direction, and governance for the change. Both Councils will need to invest in Business Transformation and programme/project management resource to deliver the change required. Workstream 1 (Terms and Conditions Options Analysis) will deliver a long-term solution for the shared staffing aim of the Collaboration vision. Front loading the cashable savings projects, in Workstream 2, gives the Programme the best chance of an affordable Medium Term Financial Plan (MTFP) for both boroughs.

Assumptions – This Transformation and Collaboration Programme will…

- Deliver the six objectives set out on the first page of this document
- Run over the next 3-4 financial years.
- Be delivered within an affordable MTFP for both Councils
- Develop robust mandates and business cases at programme and project level demonstrating benefits before permanent structural changes are implemented.
- Comply with Project Portfolio Management (PPM) Governance Framework principles
- Be project-managed by a team comprising colleagues from both authorities
- Report into a new Guildford and Waverley Transformation and Collaboration Board
- Be overseen by the Enterprise Portfolio Board which comprises the Joint Chief Executive and Joint Strategic Directors

- Be guided by the decisions and recommendations of formal committees at both Councils (Executive and Full Council as per constitutional rules) as well as any existing or future joint committees.
- Take a flexible approach and be open to change as issues arise.
- Learn lessons from previous transformation and change programmes in terms of approach; benefits; issues; costs and savings, including those at Guildford Borough Council and Waverley Borough Council, but also other authorities that have done/are doing collaborative work

Neither Council is able, at the outset, to provide the level of funding needed to deliver all aspects of the vision at pace. As a result, programme delivery will be phased and consideration will need to be given as part of the budget-setting process in early 2024 as to whether both Councils are able to invest in the full Programme or whether to continue with a phased and reduced approach.

More detail on the proposed structure of the Programme is provided below.

Programme Management (define, design and deliver) - Nov 22 to end of Programme

Initiation – delivery of control documents such as business case and Programme brief

- Governance – set up of boards, approval/decision points & reporting (this will include both programme and project management mechanisms and any formal committees, sub-committees, or joint committees of both Councils)
- Definition– delivery of products such as Vision, Blueprint, Plan
- Design – initiation of projects to deliver outputs
- Communications and Stakeholder Engagement plan
- Assurance – a plan for independent assurance

Workstream 1 – Terms and Conditions Options Analysis - Nov 2022 – March 2026 <u>Shared staffing - harmonisation of terms and conditions</u>

Project-managed by HR Manager (Waverley Borough Council) and HR Lead Specialist (Guildford Borough Council) to identify and articulate the options for long-term shared staffing through harmonised terms and conditions, governed through the Programme Board. Allocated funds will be used to pay for expert support on this complex area of work.

Workstream 2 – Priority Collaboration Projects delivering savings or generating income to deliver Waverley Borough Council and Guildford Borough Council MTFPs (business cases still need to quantify the savings anticipated) - Oct 2023 – Nov 2026

Through the consultation done so far with JMT to identify opportunities to deliver services differently, digitally and together to meet the aims of the collaborative work, over 50 ideas have been put forward for collaborative working. Work is ongoing with Finance teams to produce more detailed breakdowns of savings of these potential projects but a rough order of magnitude for savings is £700,000. However, a significant proportion of these projects relate to shared internal teams/staffing and this is reliant on decisions relating to Workstream 1.

<u>Related projects</u>

Colocation

Both Executives have confirmed their desire to explore the possibility of co-locating staff within a shared HQ. This major project can be delivered mostly independently from other collaboration work but consideration must be given to IT and terms and conditions (i.e. changing staff place of work). The initial budget available for the Transformation and Collaboration Programme is not sufficient to project manage this major project but the two will interface through the Transformation and Collaboration Board and Team.

Guildford Borough Council Financial Recovery Project

A project set up to deliver a balanced MTFP for Guildford Borough Council. This will provide the Guildford Borough Council baselines for the wider Programme in terms of headcount, budgets and service levels and secure a MTFP for Guildford Borough Council that can afford the Transformation and Collaboration Programme. This work is therefore a major dependency.

Programme Governance

Senior Responsible Officer – Strategic Director for Transformation and Governance, Ian Doyle

Programme Lead – Executive Head of Organisational Development, Robin Taylor (Richard Bates owning Finance Case and links to MTFP)

Programme Manager – Waverley Borough Council Business Transformation Manager, Yasmine Makin

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Investing in Change Capacity – summary of allocated funds

Economic Case options 2 (scaled back)

<u>One-off non-establishment change/consultancy budget</u>

£200,000 split 50/50 between Guildford Borough Council and Waverley Borough Council.

<u>One-off HR establishment growth</u>

1 x HR Business partner, c£56,000 (2 year temporary)

<u>One-off Business Transformation establishment growth</u>

1 x Business Transformation Officer, £44,000 (2 year temporary)

The above allocations relate to Economic Case option 2 within the programme initiation document (appendix 5). As recommendation 2.9 sets out within the report, it is requested that consideration be given in February 2024 to how the broader programme can be fully funded and taken forward when the budgets of both Councils are agreed (and adopting a revised programme structure in line with that increased level of funding at that time). Resource that could be considered at that point could include the following with further funding:

<u>HR establishment growth</u>

1 x HR Business Partner = £56,000

1 x HR Change Lead (make temporary position permanent) c£65,000 (estimate – would need re-evaluation)

<u>Business Transformation establishment growth</u>

1 x Business Transformation Officer £44,000

2 x Business analysts, £40,000 x 2 = £80,000 (estimate – would need evaluation)

<u>Programme and Project Management Growth</u>

 Appendix 4

1 x Enterprise Portfolio Manager c£65,000 (estimate – would need evaluation)

1 x PMO officer (in addition to existing PMO officer) £61,348

Transformation and Collaboration Programme Initiation Document (PID)

November 2023 v.05

EPB - Please note this document will continue to evolve over time as more information becomes available and decisions are made.

Mandate

In 2021 Guildford and Waverley Borough Councils commenced discussions about partnership working. Both councils agreed to create a Joint Management Team (JMT) which would be asked to bring forward proposals for further collaboration. The JMT, which came into existence in October 2022, includes a Joint Chief Executive, Joint Strategic Directors, and Joint Executive Heads of Service.

The Joint Management Team and both Executives have informally agreed that the Guildford and Waverley Transformation and Collaboration Programme should:

Primary objective:

1. Bridge budget gaps where these exist.

Secondary objectives:

2. Deliver sustainable and resilient public services.

3. Deliver carbon neutral operations by 2030 in both organisations.

4. Realise the aims of the collaboration vision, including the delivery of any agreed business cases for further change.

5. Deliver on existing transformation commitments unless these undermine the above or there is a case for suspending or rescinding these; and

6. Respond to local and national economic challenges in terms of services, contracts, and staffing

Draft Strategic Outline Programme (SOP)Business Case Summary

Case	Strategic Question	Strategic Answer
Strategic Case	What is the compelling case for change?	Given the current financial challenges and threats to local government there is a need to save money and deliver more sustainable services. Collaborating between the two councils unlocks benefits such as economies of scale and increased resilience. The programme must design and deliver an ‘organisation’ capable of delivering the vision in the mandate.
Economic Case	What are our options for delivering the best value for money solution?	Our strategic options at this stage concern the best way to deliver this Programme 1. Do Nothing – Mandate already approved - this is not an option 2. Do Minimum – (scaled back solution) manage in House with no/minimum additional external support (<£500k) 3. Do More – Manage in House with only targeted specialist external support (ROM £2m+ Rev) 4. Do Most - Out-Source to External Management Consultancy (ROM £2-3m+)
Commercial Case	What do we need to buy to deliver the best solution?	Achieving the vision set out by Executives will require buying in some external/specialist resources. We can probably use existing frameworks
Financial Case	Can we afford it?	The budget for a scaled back option 2 (do minimum) has been identified. It is not yet clear the extent to which this will address the current £16m financial shortfall over the next 4 years. Service Plans will hold the financial baselines for Directorates and Service Areas. The financial success of this Programme will be baselined and reported through the MTFPs of both authorities. Specific projects will be managed and reported through this Programme.
Management Case	Can we deliver it?	Both Councils have learned lessons from previous change programmes and want to deliver this transformation and collaboration differently. Option 2 is manageable change within the resources we have. To ensure alignment between the Programme and the organisation all change will be embedded in Service Plans.

Programme Management Assumptions Approved by Enterprise Portfolio Board (EPB) March 2023 (M) or October 2023 (O)

- Deliver the six objectives set out in the mandate over the next four financial years [subject to confirmation of dates with delivery leads] within an affordable MTFP for both Councils (M)
- Be overseen by the Enterprise Portfolio Board which comprises the Joint Chief Executive and Joint Strategic Directors. Report into a new Guildford and Waverley Transformation and Collaboration Board (which will replace the existing GBC savings programme board and the existing WBC Business Transformation Board). (M)
- Comply with the PPM Governance Framework. Develop robust mandates and business cases at programme and project level demonstrating benefits before permanent structural changes are implemented. Be guided by the decisions and recommendations of formal committees at both Councils (Executive and Full Council as per constitutional rules) as well as any existing or future joint committees. (M)
- Adopt and be guided by a recognised approach to organisational design and development, such as McKinsey 7S. Take a flexible approach and be open to change as issues arise.(M)
- Assumption that the existing Waverley Business Transformation Team needs review to deliver Transformation and Collaboration (O) (in light of revenue allocation)
- Financial Recovery at GBC has inherited and will review residual GBC Savings Programme initiatives (O)

Strategic Assumptions

- There is an assumption that to succeed this Programme will need to embed a culture that is equipped to manage change and is comfortable doing so. The vision of the Organisational Development Service is for it to be a hub for change, strategy and improvement across both councils. All staff will need to understand how they fit in and feel ownership of the solutions and the change.

Strategic Risks for the Programme at this early stage

Strategic Case Risk – There is a risk that if we don't prioritise, we will deliver very little, very slowly. Both Councils are over-stretched. Re-directing resources to priorities will be essential to managing this risk (High Risk)

Financial Risk – There is a risk that costs (ROM £2-3m+) associated to achieve the vision will be too high, particularly in relation to IT.

Management Case Risk – Project & Programme Management, Business Analysis and Operating Model Design skills and resources are scarce across the Councils. Do we have the capacity and capability to deliver? Council staff learning these skills is essential to limiting costs (High Risk)

Dependencies

- Dependency on Financial Recovery Project (GBC) to deliver agreed baselines for Guildford Borough Council service plans as part of budget book work.
- Critical dependency on enablers (HR, IT & Finance)

Economic Case – Original Options Evaluated Against Programme Success Criteria

Option	Approach	Pros - Benefits	Cons – Dis-Benefits	Programme Success Criteria			
				Bridge Budget Gap (Cost/Ben)	Ownership of the Change	Embed Change Culture	Better Public Services (VFM)
Do Nothing	Mandate already approved - this is not an option	No additional costs	No managed change, savings or efficiencies				
Do Minimum	Manage in House (scaled back) with no additional external support	Lowest cost option Delivery of some savings Ownership of the change	Without the specialist skills delivery of complex change is improbable (scale back ambitions)				
Do More	Manage in House with targeted specialist external support	Delivery is more probable if we can access some specialist support Potential to deliver more savings Strongest ownership of the change	A ROM cost of £2m+				
Do Most	Out-Source to External Management Consultancy	Fills essential capacity and skills gap and brings experience of managing big transformations and complex org change	Highest cost option. Potentially unaffordable Hard to estimate ROM of £2-3m+ Lack of ownership of the change				

Management Case – Rationale for Programme Structure

Approved by EPB

A programme management approach will be taken to deliver the leadership, direction, and governance for the change. Both Councils will need to invest in Business Transformation and programme/project management resource to deliver change-required.

Workstream 1 (Terms and Conditions) will deliver a long-term solution for the shared staffing aim of the Collaboration vision.

Workstream 2 (cashable savings projects) gives the Programme the best chance of an affordable Medium Term Financial Plan for both boroughs.

Programme Board (escalating to EPB)

To be developed with Programme Team

- **Senior Responsible Officer – Ian Doyle** - Responsible for delivering the successful outcomes of the programme
- **Programme Director – Robin Taylor** - Day to day leadership and strategic direction to the programme (jointly led by Richard Bates owning Finance Case and links to MTFP)
- **Senior Business User - Annie Righton** – Responsible for frontline business areas realising the change
- **Senior Supplier & HR Lead - Robin Taylor** - Responsible for over-arching Operating Model, HR, culture and delivery of change management.
- **Finance & Procurement Lead (151 Officer) – Richard Bates**– Responsible for finance strategy/model, financial case, benefits, MTFP & procurement timeline
- **ICT & Comms Lead – Nicola Haymes** – Responsible for IT strategy/model and delivery of supporting systems, and comms

The Programme Manager, Yasmine Makin, will be responsible for day-to-day delivery of the programme & management of the team and will prepare reports and agendas for the programme board meetings. They will manage the interface between the Programme Team and Board.

Other Strategic Directors & Executive Heads to receive reports and invited to attend if interested or required

Programme Team – Prog Mgmt

To be developed with Programme Team

PPM Role	Post	Responsibilities	Name(s)
Prog Manager	WBC Bus Transform Mgr	Day to day delivery of the programme & management of the team	Yasmine Makin (WBC)
Prog Support, Project Mgrs	WBC Bus Transform Officers	Day to day management of programme information, control documents, reporting and support team	
Prog Team Member	Strategy Leads	Ensuring alignment of strategies and embedding change in Service Plans and reporting on BAU performance	Being recruited
Prog Comms	GBC and WBC Comm Managers	Design, deliver and manage comms with key stakeholders to ensure staff engagement, collective view and active senior support.	Ian Mackie (WBC) Mel Battams (GBC)
Additional Enterprise Level Support			
PPM Governance (Advisor)	PMO officer	Encourage compliance with PPM Framework. Supports decision making though EPB.	
PPM Governance (Interim)	PPM best practice	Encourage the use of PPM methodology (MSP & Prince2) in a pragmatic and useful way. Deliver skills transfer to Programme & Project Team members.	Louise Odell
Specialist leads	Enabling services managers (Finance, IT, HR, Regeneration /Assets, Legal, Strategy)	Deliver specialist elements of the workstreams	

Operating Model Design Principles

Draft for discussion with JMT, Programme Team and Lead G/W HR Change consultant (once appointed)

Principle	Description
Service Design	Services will be sustainable and resilient. We won't assume the way it's always been done is the way it should be done from now on. The services of both councils will be jointly designed and delivered if there is a saving to be made.
Digital	Digital first. We will start with user needs rather than services and build from there. We will build digital services, not just websites.
Financial	We will operate within available resources. We will invest in the future but not at the expense of the present. We will understand the costs and benefits of decisions before committing to them.
Customer	All initial customer contact will be online or routed through a customer services team. There will be a 'front door' for face-to-face customer contact in both boroughs.
Procurement and commissioning	We will agree and manage contracts effectively to ensure value for money and excellent service for residents. We will consider and evaluate all delivery options.
Data and insight	Decision-making in both councils will be evidence-based. Data insights will be captured and analysed, so that we can evaluate impact and value of our activity.

Principle	Description
Leadership	Leaders will be visible and accessible to staff, councillors and the public. We will invest in our current and future leaders. Leadership at all levels will be nurtured. Councillors and officers will learn and develop together.
Organisation	We will identify and build on the best of both organisations. Neither organisation will remain the same. Both will change and improve. Directorates and services will not work in silos and where matrix management structures are beneficial these will be implemented or preserved. Where they are not beneficial or sustainable they will be removed.
People	We will be one staffing organisation serving two democratic councils. The terms and conditions of both organisations will be reviewed and harmonised, with input from expert independent consultants. Our approach will be fair on staff and on the public taxpayer and we will continue to consult and engage with the unions in both organisations. We will ensure that staff are effectively and appropriately recruited, rewarded, developed, led and motivated. We will facilitate modern and hybrid ways of working but our people will not be strangers to each other in the office or to the borough.
Process	Processes will be defined, deliberate and lean. Activities that do not add value will cease. Some systems will be shared. Others will be harmonised. Others will need to stay the same.
Governance	We will continue to serve two distinct boroughs and two sovereign councils but our processes and policies will be shared or harmonised to ensure efficiency and successful collaboration where there is resource to do so.
Property	Guildford and Waverley will share a single HQ. Where beneficial, satellite sites will also be shared.

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Guildford Borough Council

Report to: Executive

Date: 23 November 2023

Ward(s) affected: Ash South, Ash Vale, Ash Wharf, Bellfields & Slyfield, Burpham, Castle, Clandon & Horsley, Effingham, Merrow, Normandy & Pirbright, Onslow, Pilgrims, Send & Lovelace, Shalford, St Nicolas, Tillingbourne, Westborough, Worplesdon

Report of Director: Place

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Report Status: Open

Adoption of the Green Belt Supplementary Planning Document

1. Executive Summary

This report recommends the adoption of the Green Belt Supplementary Planning Document (SPD). The SPD does not create new policy rather provides guidance for existing Green Belt policy contained in Policy P2 of the Local Plan: strategy and sites 2015-2034. If adopted, the SPD will be a material consideration in planning decisions. Adoption of the SPD will help applicants and decision makers in the submission and determination of planning applications by providing additional clarity and ensuring better consistency.

2. Recommendation to Executive

That the Executive adopts:

1. The Green Belt Supplementary Planning Document as shown in Appendix 1 to this report

3. Reason(s) for Recommendation:

3.1. Adopting the new SPD will provide detailed guidance for adopted Local Plan: Strategy and Sites policy P2. This will help ensure clarity and consistency in decision making.

4. Exemption from publication

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

5. Purpose of Report

5.1. Formal adoption by the Executive is the final stage in the process of producing a new Supplementary Planning Document (SPD). This will enable it to become a material consideration when determining planning applications in the Green Belt. The draft SPD was consulted upon for four weeks and the Consultation Statement setting out how this was undertaken, the comments that were received and the Council’s response to these is contained in Appendix 2 of this report.

6. Strategic Priorities

6.1. The Council’s Strategic Framework includes the following strategic priorities that this SPD will help deliver:

- Provide and facilitate housing that people can afford
- Create employment opportunities through regeneration

7. Background

7.1. The Council adopted the Local Plan: Strategy and Sites 2015-2034 (LPSS) in April 2019. The LPSS includes policy 'P2: Green Belt' which sets out how national planning policy on Green Belt will be applied in Guildford.

7.2. National Green Belt policy in contained in the National Planning Policy Framework (NPPF). This sets out that the construction of new buildings is generally considered to be 'inappropriate' and require the demonstration of 'very special circumstances'. There are however a number of exceptions to this listed in paragraphs 149 and 150 of the NPPF. New buildings and certain other forms of development falling within one of these exemptions is therefore considered 'not inappropriate' and do not require 'very special circumstances' to be demonstrated. In other words the presumption in favour of sustainable development applies. In these instances, other planning policies will apply instead to determine whether or not the proposal constitutes sustainable development, for example policies on design. Simply because a proposal is not considered 'inappropriate' does not automatically mean that the proposal is acceptable in planning terms and will be approved.

7.3. Whilst LPSS Policy P2 already contains a number of definitions in relation to these exceptions which provides some clarity, there remains some ambiguity regarding how the Council will assess each of these exceptions which this SPD attempts to resolve.

8. Consultations

8.1. The draft SPD was prepared in consultation with colleagues in Development Management given its technical nature and to ensure that the scope and content addressed any issues that they tend to experience when determining Green Belt planning applications.

8.2. Prior to formal consultation, the draft SPD was also shared with all councillors and taken to the cross-party Local Plan Panel. At the Panel meeting, representatives from each party fed back any comments that they had received from their group. The draft SPD was amended as appropriate and finalised for formal consultation. Comments received together with subsequent changes made are set out in the Consultation Statement at Appendix 2.

8.3. The draft SPD was subject to a four-week consultation from 22 February 2023 to 22 March 2023. During this time a total of 18 respondents submitted comments. The Comments together with the Council's response to these is contained in Appendix 1 of the Consultation Statement at Appendix 2 of this report. Changes were made to the SPD in response to comments received where these were considered appropriate and justified.

8.4. The SPD has also been before the cross-party Planning Policy Board who supported its adoption.

8.5. The Green Belt SPD is now finalised and officers recommend that this is adopted by Executive.

9. Key Risks

9.1. There are considered to be no risks with adopting this SPD as it will provide increased clarity for applicants which should reduce unnecessary delays or refusals.

10. Financial Implications

10.1. No financial implications will occur as a result of adopting this SPD.

11. Legal Implications

11.1. In order to fulfil the statutory criteria for a Local Development Document (LDD), an SPD has to be prepared in line with the requirements of section 19 of the Planning and Compulsory Purchase Act 2004 and Regulations 11 to 16 of the Town and Country Planning (Local Planning) (England) Regulations 2012.

11.2. SPDs should build upon and provide more detailed advice or guidance on policies in an adopted local plan. They do not form part of the development plan and therefore they cannot introduce new planning policies into the development plan. As detailed in the report above, the SPD is closely aligned with adopted policy and provides guidance for its provisions.

11.3. Once adopted as an LDD, the SPD will be a material consideration in the determination of relevant planning applications.

11.4. The SPD has been subject to due process under The Town and Country Planning (Local Planning) (England) Regulations 2012 and the SPD has been prepared in line with the requirements of section 19 of the Planning and Compulsory Purchase Act 2004.

11.5. Pursuant to section 9D of the Local Government Act 2000, the Executive of the Council has the power to adopt the SPD as a LDD.

12. Human Resource Implications

12.1. There are no Human Resource implications associated with adopting the SPD. The SPD provides guidance for adopted Local Plan policy and will assist in the assessment of applications, and additional staff resources will not be necessary as a result.

13. Equality and Diversity Implications

13.1. Public authorities are required to have due regard to the aims of the Public Sector Equality Duty (Equality Act 2010) when making decisions and setting policies. The SPD is not policy but provides guidance to existing adopted policies within a local plan. As such it cannot impact on equality issues in any material way beyond the impact of the policies it supplements. Those polices have been subject to an EqIA screening and therefore it is not necessary to test the implications of this guidance.

13.2. The document has been formatted in compliance with the Council’s rules on accessibility.

14. Climate Change/Sustainability Implications

14.1. A Strategic Environmental Assessment (SEA) Screening and Habitat Regulations Assessment (HRA) Screening has been undertaken for the SPD. The SEA Screening concluded that the SPD does not require a full SEA to be undertaken whilst the HRA screening concludes that the SPD will not lead to likely significant effects on European sites and does not require an Appropriate Assessment. The statutory consultees for SEA and HRA (Natural England, Historic England and the Environment Agency) agreed with the conclusions. As a result, the Council has produced an SEA and HRA determination statement in line with the processes set out in the relevant regulations.

15. Summary of Options

15.1 The Executive may resolve to adopt the SPD, reject the SPD, or instruct officers to make amendments before returning the document to executive.

15.2 The third option (amendments) would result in a considerable delay in the adoption of the guidance and the benefits associated with it due to the need to reconsult on the amended document and take it back through the committee process.

16. Conclusion

16.1 Officers consider there are sound reasons to adopt the Green Belt SPD. Adopting the new SPD will ensure it carries material weight in planning decisions. This will help applicants and decision makers in the submission and determination of planning applications.

17. Background Papers

17.1 Strategic Environmental Assessment (SEA) / Habitats Regulations Assessment (HRA) Determination Statement available at www.guildford.gov.uk/article/26970/Green-Belt-Supplementary-Planning-Document.

18. Appendices

1. Green Belt Supplementary Planning Document
2. Consultation Statement

Green Belt
Supplementary Planning Document

November 2023

GUILDFORD BOROUGH

Table of contents

1. Introduction

1.1 The purpose of this Supplementary Planning Document (SPD) is to supplement Policy P2: Green Belt contained in the Guildford Borough Local Plan: Strategy and Sites 2015-2034 (LPSS). This SPD provides further guidance on how the exceptions listed in paragraphs 149 and 150 of the National Planning Policy Framework (NPPF) will be interpreted in relation to whether a proposal can be considered to constitute 'not inappropriate' development.

1.2 It is intended principally for applicants for planning permission and their agents, and for planning decision makers. It has been produced to ensure there is clarity and consistency on how the decision maker will apply national and local Green Belt policy. This SPD is a material consideration in planning decisions and decision makers will use it to help determine planning applications.

2. How the SPD is structured

Green boxes

contain NPPF wording

Blue boxes

contain LPSS Policy P2 wording

3. National Planning Policy context

3.1 National policy on Green Belt is contained in Chapter 13 called 'Protecting Green Belt land'. This includes policy and guidance on the purposes of the Green Belt, the exceptional circumstances necessary if proposing to amend Green Belt boundaries and the exceptions when the construction of new buildings are not considered 'inappropriate' and therefore do not need to demonstrate 'very special circumstances'.

3.2 This SPD provides further guidance on how the exceptions listed in paragraphs 149 and 150 of the National Planning Policy Framework (NPPF) will be interpreted.

4. Local Planning Policy context

4.1 Local Green Belt policy is contained in Policy P2 of the adopted contained in the Guildford Borough Local Plan: Strategy and Sites 2015-2034 (LPSS).

4.2 This SPD provides guidance to supplement Policy P2.

5. Inappropriate development

5.1 Unless listed as an exception (see next section for more detail), development is considered to be 'inappropriate' in the Green Belt.

Paragraph 147 of the NPPF states 'inappropriate development is, by definition, harmful to the Green Belt and should not be approved except in very special circumstances'.

5.2 'Very special circumstances' is not to be confused with 'exceptional circumstances'. The former relates to the test at planning application stage (namely whether there are very special circumstances that justify inappropriate development to occur in the Green Belt). Meanwhile the latter relates to the plan-making stage and whether there are exceptional circumstances to justify amending Green Belt boundaries. There is a very high bar set by the very special circumstances test. It should not be easily replicated across numerous proposals or be commonplace.

Paragraph 148 of the NPPF states that 'when considering any planning application, local planning authorities should ensure that substantial weight is given to any harm to the Green Belt. 'Very special circumstances' will not exist unless the potential harm to the Green Belt by reason of inappropriateness, and any other harm resulting from the proposal, is clearly outweighed by other considerations' (emphasis added).

5.3 When assessing harm to the Green Belt it should be noted that there is both definitional harm (by virtue of the fact that the development is, in principle, 'inappropriate') as well as actual harm that the proposal may have on the openness of the Green Belt and its five main purposes as set out in paragraph 138 of the NPPF. Case law[1] has also established that when the decision maker is assessing 'any other harm', this is not limited to Green Belt harm but can include any other non-Green Belt harm that may be caused by the proposal, for instance in relation to character or highways. It is worth noting that simply because a proposal may not cause 'any other harm' does not in itself constitute very special circumstances.

5.4 Some uses, particularly those related to key infrastructure, may require a Green Belt location such as waste or wastewater treatment works. This is because it may be necessary for them to be located within a specific area, they may need to be located away from built up areas or there is a lack of alternative sites. These factors would need to be considered when assessing whether very special circumstances exist.

[1] Redhill Aerodrome Limited v Secretary of State for Communities and Local Government, Tandridge District Council, Reigate and Banstead Borough Council [2014] EWHC 2476 (Admin)

5.5 Occasionally applicants may seek to justify very special circumstances by way of demonstrating that there is a 'fall back' position. A fall-back position relates to an alternative proposal that could be reasonably achieved, be that one which already has extant planning permission (although is not yet implemented) or one which is permitted development that could be undertaken under permitted development without the need for planning permission. In assessing such a proposal, the Council will first determine whether there is a realistic alternative that is capable of being implemented and if so whether this alternative proposal is more harmful than the proposal being considered under very special circumstances. If the outcome of this assessment concludes that there is a more harmful alternative proposal, then the fall back position is capable of being a material consideration. However, in determining the level of weight that this should be given, the decision maker will need to assess the likelihood that the alternative proposal would be implemented. If the alternative proposal is not a realistic alternative, then this will be given less weight in determining the application.

6. Not inappropriate development

6.1 Whilst most development is considered inappropriate in the Green Belt and will need to demonstrate 'very special circumstances', the NPPF contains a list of exceptions at paragraphs 149 and 150. To be considered 'not inappropriate' a proposal needs to satisfy at least one of the exceptions. It is worth noting that the exceptions are not mutually exclusive, and a proposal is capable of falling within two exceptions. For example, an extension to an agricultural building that did not result in disproportionate additions over and above the size of the original building would fall within both NPPF para 149(a) and (c). Equally a proposal may fall into one exception and be contrary to another. For example, an extension to an agricultural building which did result in disproportionate additions over and above the size of the original building would fall within NPPF para 149(a) but be contrary to (c). It would therefore still be considered not inappropriate development. Applicants are expected to clearly identify which exception(s) they consider their proposal falls within as part of their planning application submission.

6.2 Following the Lee Valley judgement[2] it is important to note that once a particular development is found to be, in principle, not inappropriate, the question of the impact of the building on openness is no longer an issue unless it is qualified as such in the NPPF. This further consideration of the impact on openness is therefore limited to those exceptions listed in paragraphs 149(b), 149(g) and 150. For all the other exceptions listed, the consequential impact of the development on the openness of the Green Belt is not relevant. However, these proposals will still need to be assessed against other policies in the NPPF, and in the development plan, including policies such as the visual impact of the proposal on landscape character.

[2] R (Lee Valley Regional Park Authority) v Epping Forest DC and Valley Grown Nurseries Ltd [2016] EWCA Civ 404

6.3 The remainder of this section will provide additional guidance and clarity in relation to the Council's approach in assessing each of the exceptions listed in paragraphs 149 and 150 of the NPPF. Any development proposals that do not meet the strict criteria of these exceptions will be considered to be inappropriate development and planning permission will not be granted unless very special circumstances can be demonstrated.

6.4 The Council will not accept the position that a development proposal should be considered not inappropriate development simply because it is well designed or results in no other harm. Equally, simply because a development proposal is considered to be not inappropriate in Green Belt terms does not mean that it will automatically be approved. It still needs to meet all other policies, including those on good design.

Buildings for agriculture and forestry

NPPF paragraph 149(a) states one of the exceptions is 'buildings for agriculture and forestry'.

6.5 For the purposes of this exception, the term 'agriculture' includes horticulture, fruit growing, seed growing, dairy farming, the breeding and keeping of livestock (including any creature kept for the production of food, wool, skins or fur, or for the purpose of its use in the farming of land), the use of land as grazing land, meadow land, osier land, market gardens and nursery grounds, and the use of land for woodlands where that use is ancillary to the farming of land for other agricultural purposes. There will be a point at which agricultural and forestry uses cease, and the processing of the raw materials begin. Buildings which are necessary to support this processing related activity would no longer be considered to fall within the agriculture and forestry exception.

6.6 In order to fall within this exception, applicants will need to demonstrate that the intended use and design of the building is related to and supports agricultural and forestry related activities, for example a barn. This is to prevent new buildings that would otherwise be considered inappropriate. This includes dwellings for rural workers in agriculture or forestry as these buildings are by definition for residential use. Consequently, even though they may support an agricultural or forestry use, they are not in themselves buildings for agriculture or forestry. A proposal for an essential agricultural worker's dwelling will be assessed under very special circumstances and if approved necessary conditions would be applied to restrict its future use.

6.7 Whilst there is no restriction in terms of size or location of such a building from a Green Belt perspective, other design and landscape policies, for example the setting of a listed building or the impact on the Area of Outstanding Natural Beauty, are still applicable.

Appropriate facilities for outdoor sport, outdoor recreation, cemeteries and burial grounds and allotments

NPPF paragraph 149(b) states one of the exceptions is ‘the provision of appropriate facilities (in connection with the existing use of land or a change of use) for outdoor sport, outdoor recreation, cemeteries and burial grounds and allotments; as long as the facilities preserve the openness of the Green Belt and do not conflict with the purposes of including land within it’.

6.8 Previous national planning policy in Planning Practice Guidance 2 required that the facilities were ‘essential’ rather than appropriate. Whilst it is no longer necessary under the NPPF to demonstrate that the proposed facility is essential, it still needs to be demonstrated that it is an ‘appropriate’ facility. For this reason, evidence should be submitted which demonstrates that it is reasonably required. Any buildings should also be designed to meet its intended purpose.

6.9 Possible examples of such facilities could include changing rooms, a sports pavilion or a clubhouse for outdoor sport, stables for outdoor sport and outdoor recreation.

6.10 This exception is also restricted to those facilities that ‘preserve the openness of the Green Belt and do not conflict with the purposes of including land within it’. For further guidance on the types of factors that will be assessed when considering the impact on openness, please see Section 6 below.

Extension or alteration of a building

NPPF paragraph 149(c) states one of the exceptions is ‘the extension or alteration of a building provided that it does not result in disproportionate additions over and above the size of the original building’.

6.11 It is worth re-iterating that the LPSS defines at Policy P2(2)(a) what constitutes the ‘original building’.

Policy P2: Green Belt

(2)(a) The “original building” shall mean either:

i. the building as it existed on 1 July 1948; or

ii. if no building existed on 1 July 1948, then the <u>first</u> building as it was originally built after this date (emphasis added)

6.12 This means that it does <u>not</u> constitute any replacement building as it was originally built. Applicants are expected to submit what they consider to be the ‘original building’ as part of their planning application submission so that this can be agreed as the baseline position.

6.13 The first test is whether the proposal amounts to ‘an extension or alteration’. A High Court decision[3] has ruled that in order to fall within this category, an extension to a property does not necessarily need to be connected to the building to which it is an addition. Instead, the nature of the host building, the use of the new building, its position, its size in relation to the host, and its degree of attachment were all likely to be relevant. Whether or not a proposal amounts to an extension will be a matter of judgment for the decision maker based on the specific circumstances before them. This could therefore include an outbuilding that is used as ancillary to the main dwelling such as a study or games room.

6.14 The second test is that it does not result in disproportionate additions over and above the size of the original building. The LPSS does not define a particular floorspace or volume percentage above which may be considered to be ‘disproportionate’. Setting such a percentage would imply that anything under this is proportionate and anything in excess of it is disproportionate. Whilst the overall percentage increase in scale is likely to give a strong indication of the extent to which an extension may be considered disproportionate, to look solely at this factor is an over-simplification of the issue. There are many other factors, listed below, aside from floorspace and volume which would help inform a decision maker on whether an extension is disproportionate. Consideration would need to be given to all these factors in the round. All the following factors would need to be carefully considered as part of the design process in order to conclude an extension is not disproportionate.

a. the proposal’s mass, bulk, external dimensions, footprint and height,
b. the scale of the existing property relative to its plot size, and
c. the overall extent of its visual perception.

6.15 The benefit of not setting a somewhat arbitrary percentage is the flexibility it offers to consider these factors in the round when coming to a decision. For instance, proposals for a loft conversion would lead to an increase in the building’s floorspace however it would have a likely minimal, if any, increase in volume, mass, bulk and height. Equally a new basement proposal would result in an increase in floorspace and volume however it would likely not result in an increase in its the visual perception or the building’s bulk and height. In these cases, the policy as written affords greater flexibility to assess these aspects cumulatively when arriving at a conclusion as to whether the extension should be considered not inappropriate development. The Council recommends that pre-application advice is sought early on in the design process in order to explore on a site-specific basis what scale and design of extension may be considered to be acceptable.

[3] Warwick District Council v Secretary of State for Levelling Up, Housing and Communities [2022] EWHC 2145 (Admin)

6.16 If a development proposal includes both an extension and a re-use of an existing building, then the assessment of whether it is disproportionate will be confined to the extension only. Any additional floorspace that is gained through the conversion of an existing building will be assessed separately under NPPF paragraph 150(d).

Replacement of a building

NPPF paragraph 149(d) states one of the exceptions is 'the replacement of a building, provided the new building is in the same use and not materially larger than the one it replaces'.

6.17 It is worth noting that LPSS Policy P2(2)(b) defines the circumstances where a new building will constitute a 'replacement' building.

Policy P2: Green Belt

(2)(b) A new building will only constitute a "replacement" if it is sited on or in a position that substantially overlaps that of the original building, unless it can be clearly demonstrated that an alternative position would not increase the overall impact on the openness of the Green Belt.

6.18 However as in the case of extensions, the policy remains silent on what percentage scale of increase the Council would consider as being 'materially larger'. Although it should be noted that whilst there may be a number of factors that determine whether a proposal is 'disproportionate', the assessment of 'materially larger' relates more closely to the size and scale of the development. Furthermore, even relatively small percentage increases could be considered to be materially larger for the purposes of this policy. Whilst no percentage increase is defined, it should also be noted that the Council considers that the 'materially larger' test is a significantly more restrictive test in terms of the increase that may be found acceptable than 'disproportionate'. Clearly if the intention was to apply the same test to replacement dwellings as extensions the same word would have been used in the NPPF.

Limited infilling in villages

NPPF paragraph 149(e) states one of the exceptions is 'limited infilling in villages'.

6.19 In order to qualify for this exception there are two tests that need to be satisfied. The first is whether the proposal is 'in' a village and the second is whether the proposal comprises 'limited infilling'.

Is the proposal 'in a village'?

6.20 This requires two further considerations – first, is the proposal located at a settlement that is defined as a 'village' and second, whether the proposal can be considered to actually be in the village (rather than on the edge of or in close proximity to the village).

6.21 In terms of the first consideration – whether it is a village location. LPSS Policy P2(c)(i – iii) defines all the settlements within the borough that are considered to be a ‘village’. For the avoidance of doubt, this list of villages is definitive and a closed list.

Policy P2: Green Belt

(2)(c)(i-iii) lists the following villages in Guildford:

Albury, Artington, Ash Green, Chilworth, Compton, Eashing, East Clandon, East Horsley, Effingham, Fairlands, Farley Green, Flexford, Fox Corner, Gomshall, Holmbury St Mary, Hurtmore, Jacobs Well, Normandy, Ockham, Peaslake, Peasmarsh, Pirbright, Puttenham, Ripley, Send, Send Marsh/ Burnt Common, Seale, Shackleford, Shalford, Shere, The Sands, Wanborough West Clandon West Horsley, Wisley, Wood Street Village and Worplesdon.

6.22 In terms of the second consideration – whether the proposal is actually considered to be in the village, the approach varies as set out below. It is likely that a range of factors would be considered in arriving at a conclusion. This list is not exhaustive but it could include consideration of the following:

- The presence of a pavement rather than a grass verge along the road frontage
- Accessibility of day-to-day services and facilities
- Location of reduced speed limit signs or signs with the village’s name
- Presence, proximity and relationship of neighbouring properties
- Pattern of development and relationship to the main built up area and the surrounding countryside

LPSS paragraph 4.3.22 states: ‘There are a number of considerations to take account of when assessing whether a site is located within the village. This includes factors such as the pattern of development, and the proposed development’s relationship to the built up area of the village and the surrounding countryside.’

LPSS Policy P2(c)(i) – villages with identified settlement boundaries

6.23 These villages are all washed over (included) in the Green Belt except for parts of East Horsley, West Horsley and Ripley which are inset (excluded) from the Green Belt. However, they are all of a scale and nature that it is possible to identify the core village area. The policies map includes an identified settlement boundary around this area of each village listed. Within this area, any proposal can be definitively assessed as being ‘in the village’. However, it is important to note that this area is not definitive and there may be parts of the village outside of this boundary which could also be considered to be ‘in the village’. Development proposals within these areas will need to make a compelling case as to why, in that specific case, the site should be considered to be in the village for the purposes of this policy.

LPSS Policy P2(c)(ii) – inset villages

6.24 These villages are inset (excluded) from the Green Belt and have a Green Belt boundary around them. Within the inset area proposals do not need to accord with Green Belt policy and any proposals for development will instead be assessed against other policies such as design.

6.25 However, the Green Belt boundary is not definitive of the extent of the core village area and there may be parts of the village outside of the inset boundary (which itself was primarily assessed based on whether that part of the village made an important contribution to the openness of the Green Belt) that would also be considered to be 'in the village'. Development proposals within these areas will need also to make a compelling case as to why, in that specific case, the site should be considered to be within the village for the purposes of this policy.

LPSS Policy P2(c)(iii) – other villages

6.26 These villages are the smallest villages in the borough and their loose knit built nature militates against the drawing of a definitive settlement boundary. For this reason all development proposals located here will need to make a compelling case as to why, in that specific case, the site should be considered to be within the village for the purposes of this policy.

Is the proposal 'limited infilling'?

6.27 Once the decision maker is satisfied that the proposal is within a village, the second test is whether it comprises 'limited infilling'. Case law has established that what constitutes 'limited infilling' is essentially a question of fact and planning judgment. This was confirmed by the Court of Appeal[4] which said: '*The question of whether a particular proposed development is to be regarded as "limited infilling" in a village for the purposes of the policy in paragraph 89 [now 149] of the NPPF will always be essentially a question of fact and planning judgment for the planning decision-maker. There is no definition of "infilling" or "limited infilling" in the NPPF, nor any guidance there, to assist that exercise of planning judgment. It is left to the decision-maker to form a view, in the light of the specific facts. Can this proposed development be regarded as "limited infilling", or not, having regard to the nature and size of the development itself, the location of the application site and its relationship to other, existing development adjoining it, and adjacent to it? That is not the kind of question to which the court should put forward an answer of its own. Nor will it readily interfere with the decision-maker's own view.*'

6.28 LPSS paragraph 4.3.23 provides some indication of what may be considered limited infilling however the ultimate judgement lies with the decision maker and is a matter of planning judgment based on the specific circumstances of the case.

[4] R (on the application of Tate) v Northumberland CC [2018] EWCA Civ 1519

LPSS paragraph 4.3.23 states: 'Limited infilling is considered to be the development of a small gap in an otherwise continuous built-up frontage, or the small-scale redevelopment of existing properties within such a frontage. It also includes infilling of small gaps within built development. It should be appropriate to the scale of the locality and not have an adverse impact on the character of the countryside or the local environment.'

6.29 It should however be noted that limited infilling is not restricted to new dwellings only and could include new buildings. It could also include other forms of development should a compelling case be made as to why, in that specific case, it should be considered as limited infilling for the purposes of this policy.

6.30 In arriving at a conclusion as to whether a proposal constitutes limited infilling, the decision maker must consider first, whether the proposal is 'infilling', and second whether that infilling can be considered to be 'limited'. To be considered 'infilling' a proposal must of necessity be located within a space or a gap between other buildings.

6.31 Whether a proposal can be considered to be 'limited' relates both to the size of the site and the scale of the proposed development. For example, a proposal for a limited number of homes which is located within what is considered to be a significant gap will not be considered to comprise 'limited infilling'.

6.32 It is important to stress that the process outlined simply leads to a decision as to whether the proposal should be considered to be not inappropriate in Green Belt terms. It does not automatically follow that planning permission will be granted. It is a first step after which any proposal will be judged against other planning policies to see whether it accords with the development plan as a whole, including requirements for high quality design. A poorly designed scheme that is not inappropriate in the Green Belt will still be refused. Please see Appendix 1 for a flow chart of the decision making process.

Limited affordable housing

NPPF paragraph 149(f) states one of the exceptions is 'limited affordable housing for local community needs under policies set out in the development plan (including policies for rural exception sites)'.

6.33 This exception comprises proposals for rural exception sites that are delivered under LPSS Policy H3. This is affordable housing provided on small sites in rural areas on Green Belt land, as an exception to other planning policies including Green Belt policy. Such housing must be retained permanently for people who are current or former residents, or who have a family or employment connection to the parish.

6.34 The LPSS does not define what is considered to be 'limited' within the context of this exception. However, proposals need to be accompanied by a Rural Housing Needs Survey which identifies a local need for affordable housing. Proposals should therefore be relative to the scale of the need identified. The decision maker should also consider whether opportunities exist for the identified local need to access alternative affordable housing provision.

Previously developed land

NPPF paragraph 149(g) states one of the exceptions is 'limited infilling or the partial or complete redevelopment of previously developed land, whether redundant or in continuing use (excluding temporary buildings), which would:

– not have a greater impact on the openness of the Green Belt than the existing development; or

not cause substantial harm to the openness of the Green Belt, where the development would re-use previously developed land and contribute to meeting an identified affordable housing need within the area of the local planning authority.'

6.35 Whether a site is considered to be 'previously developed land' may also be influenced by its location.

The NPPF glossary defines the term 'previously developed land' as: 'Land which is or was occupied by a permanent structure, including the curtilage of the developed land (although it should not be assumed that the whole of the curtilage should be developed) and any associated fixed surface infrastructure. This excludes: land that is or was last occupied by agricultural or forestry buildings; land that has been developed for minerals extraction or waste disposal by landfill, where provision for restoration has been made through development management procedures; land in built-up areas such as residential gardens, parks, recreation grounds and allotments; and land that was previously developed but where the remains of the permanent structure or fixed surface structure have blended into the landscape'.

6.36 An important aspect to note is the differential approach taken to open spaces (including gardens) in built up areas compared to those outside of built up areas. Open spaces such as those listed are not considered to comprise previously developed land in built up areas but are considered previously developed land outside of built up areas. Within the Green Belt, gardens within the identified settlement boundaries will be regarded as being in a built up area. Outside of these boundaries, whether an area is considered to be in a 'built-up' area will be a matter of planning judgement and will take into account factors such as the number of buildings, their density and the cohesion of the properties. For example, a small cluster of properties or a sparsely spread area of low density buildings is unlikely to be considered 'built-up'. Applicants are encouraged to engage in pre-application discussions for a more definitive view on a specific site.

6.37 It is important to note the differential test in relation to openness between the two limbs. The exception in limb one is restricted to those proposals that would not have a greater impact on the openness of the Green Belt than the existing development whilst the exception in limb two must not cause substantial harm to the openness of the Green Belt. For further guidance on the types of factors that will be assessed when considering the impact on openness, please see Section 6 below.

6.38 The second limb of this policy is only engaged for proposals that '*contribute to meeting an identified affordable housing need within the area of the local planning authority*'. Unlike rural exception sites, proposals do not need to comprise of solely affordable housing, nor is the level of market homes restricted to that necessary to make the scheme viable.

Other exceptions

NPPF paragraph 150 goes on to state: 'Certain other forms of development are also not inappropriate in the Green Belt provided they preserve its openness and do not conflict with the purposes of including land within it. These are:

a. mineral extraction;

b. engineering operations;

c. local transport infrastructure which can demonstrate a requirement for a Green Belt location;

d. the re-use of buildings provided that the buildings are of permanent and substantial construction;

e. material changes in the use of land (such as changes of use for outdoor sport or recreation, or for cemeteries and burial grounds); and

f. development, including buildings, brought forward under a Community Right to Build Order or Neighbourhood Development Order.'

6.39 For further guidance on the types of factors that will be assessed when considering the impact on openness, please see Section 6 below.

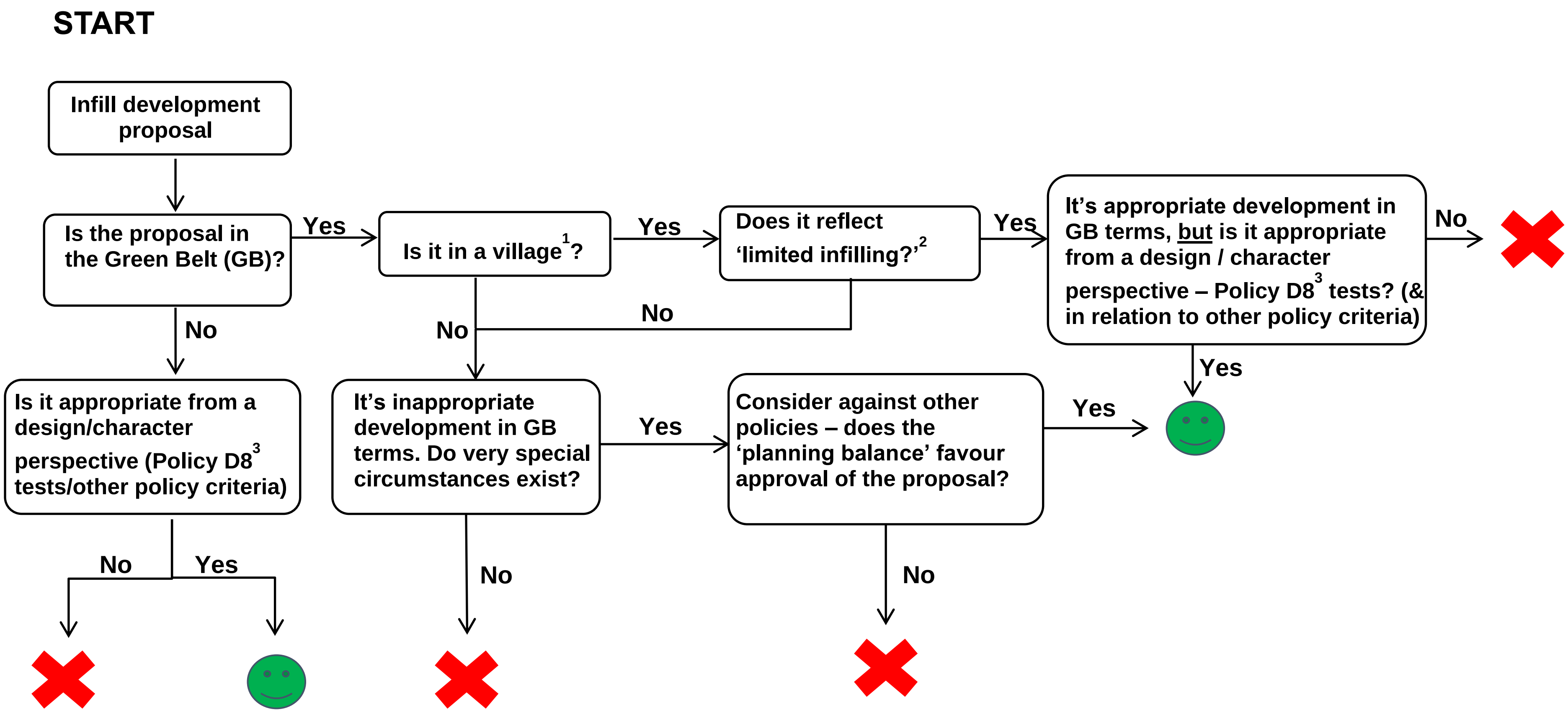
6.40 In relation to NPPF para 150(d), for a building to be of permanent and substantial construction it must have walls and a roof, be structurally sound and not require significant re-building, cladding or significant external alterations. It is also expected that it would not require any significant changes to its foundations or the main structural element of the building, for example a pole barn.

7. Openness

7.1 As set out in paragraph 137 of the NPPF, one of the essential characteristics of Green Belts is their openness. In considering the concept of openness, there are two dimensions; spatial and visual. The spatial dimension relates to the physical scale of the development itself whereas the visual dimension is the extent to which the development can be seen. This means that the absence of visual intrusion, or the presence of screening, does not in itself mean that there is no impact on the openness of the Green Belt as a result of the development. Equally this does not mean that the openness of the Green Belt has no visual dimension. Instead, any assessment of the impact of a proposal on the openness of the Green Belt must include consideration of both its spatial impact as well as its visual impact.

7.2 Factors which would be considered as part of this assessment include the proposal's footprint, floorspace, volume, bulk, height, mass, positioning and visual prominence. Consideration will also be given to increased activity and general disturbance that would be caused by the development proposal. There is also likely to be an interplay between the various factors. For instance, redevelopment of a previously developed site might result in a greater overall footprint but has a lesser impact on the openness of the Green Belt if it rationalises the development on a smaller and more discrete area of the site. Conversely the redevelopment of one large building into numerous dwellings spread out across a site is likely to have a greater impact on the openness of the Green Belt even if it results in a smaller overall footprint of development. This example would also result in the introduction of boundary treatments (be they hard or soft) throughout the site and increased domestic activity with associated paraphernalia, such as vehicles and garden equipment. This would all have an impact on openness and would need to therefore be considered in the round.

Appendix 1: Proposals for infill development: decision- making flow diagram



1 See Local Plan Strategy and Sites – Policy P2(c)i-iii and para 4.3.22

2 See Local Plan Strategy and Sites – Policy P2(c)i-iii and para 4.3.23

3 See Local Plan: Development Management Policies – Policy D8

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Agenda item number: 7
Appendix 1

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Guildford Borough Council

Green Belt Supplementary Planning Document (SPD)

Consultation Statement

November 2023

Prepared in accordance with Regulation 12 of the
Town and Country Planning (Local Development) (England) Regulations 2012

If you would like this document in a different format, different language, Braille, large print or audio, please contact the Planning Policy Team on 01483 444471

1. Introduction

1.1 This consultation statement has been prepared in accordance with Regulation 12 of the Town and Country Planning (Local Development) (England) Regulations 2012.

1.2 Regulation 12(a) requires that before adopting a Supplementary Planning Document (SPD), a statement must be prepared setting out:

- the persons whom the authority consulted when preparing the SPD;
- a summary of the main issues raised by those persons; and
- how those issues have been addressed in the SPD

1.3 The purpose of the draft Green Belt SPD ('the SPD') is to supplement Policy P2: Green Belt, contained in the Guildford Borough Local Plan: Strategy and Sites 2015-2034 (LPSS). The SPD provides further guidance on how the exceptions listed in paragraphs 149 and 150 of the National Planning Policy Framework (NPPF) will be interpreted in relation to whether a proposal can be considered to constitute 'not inappropriate' development.

2. Preparing the draft SPD

2.1 The commitment to prepare a Green Belt SPD is stated in paragraph 4.3.20 of the LPSS where it states that the SPD will be prepared to support Policy P2: Green Belt and provide greater clarity to applicants. Production of the document occurred concurrently with the production of Local Plan: Development Management Polices document.

2.2 In the meeting of the Council on 05 April 2022, motion CO113 APPROACH TO THE REVIEW AND POTENTIAL UPDATE TO THE LOCAL PLAN: STRATEGY AND SITES (2019) was resolved whereby section (4) stated "That priority be given to the production of a Green Belt Supplementary Planning Document alongside the emerging Local Plan: Development Management Policies".

2.3 The SPD was produced through close coordination with the Council's Development Management team. The iterative process allowed the SPD to comprehensively respond to specific issues arising from planning applications coming forward within the borough.

2.4 Furthermore, direct engagement was made with councillors through the cross-party Local Plan Panel. The councillors received and were invited to comment on a draft SPD at a meeting on 06 February 2023 prior to wider public consultation.

2.5 The main responses from the Local Plan Panel which assisted in finalising the draft SPD are highlighted in Table 1 on the following page.

Table 1 Responses from councillors on the Local Plan Panel during review of draft SPD and resulting actions

Response	**Action**
Clarify what is meant by 'agriculture'	A definition for the purposes of the SPD has now been included
Include a reference to encourage pre-application advice to understand what scale of extension might be considered appropriate	A reference recommending pre-application advice is sought early on in the design process has now been included
Desire to include factors that would be considered to determine whether a site is in a village	A (not-exhaustive) list of factors has now been included
Request for further guidance on how it would be determined whether a site was in a 'built-up area'	Further guidance over whether an area would be considered in a 'built-up area' has now been included

3. Formal consultation on the draft SPD

3.1 A four-week consultation was held between Wednesday 22 February 2023 (midday) and Wednesday 22 March 2023 (midday). We advised those stakeholders (comprising organisations, members of the public, businesses and amenity groups) whose email addresses and postal addresses we held on our consultation database.

3.2 During the consultation period, the consultation document was available on our website and paper copies of the consultation document were available in the borough's four libraries and in the main Council office at Millmead. These arrangements are in accordance with our Statement of Community Involvement, May 2020.

3.3 The SPD has undergone a Habitat Regulations Assessment (HRA) screening to determine whether it would have significant adverse effects upon the integrity of internationally designated sites of nature conservation importance, or Natura 2000 sites. The SPD has also undergone a Strategic Environmental Assessment (SEA) screening to determine the impact on the environment and to integrate considerations of the environment into the preparation and adoption of the SPD.

3.4 The Council is required to consult with Historic England, the Environment Agency and Natural England on all SEA screening opinions, and with Natural England on all HRA screening opinions, before formally determining whether a strategic environmental assessment and/or HRA appropriate assessment is needed. The conclusions outlined in the HRA/SEA screening document were sent to the Environment Agency, Natural England and Historic England for consideration in tandem with the consultation on the SPD document. The responses of the organisations are included in the final SEA and HRA Determination Statement which is available on our website.

4. Finalising the SPD

4.1 All comments received as part of the consultation have been considered and appropriate changes made where these were considered justified.

4.2 Prior to adoption by Executive, the SPD was taken to the cross-party Planning Policy Board. All Board members supported the adoption of the document but requested that the following text was added to paragraph 6.5: '*There will be a point at which agricultural and forestry uses cease, and the processing of the raw materials begin. Buildings which are necessary to support this processing related activity would no longer be considered to fall within the agriculture and forestry exception.*'

4.3 Appendix 1 contains a table setting out the main issues raised during the public consultation. It also sets out the Council's response to each of the issues, the changes that were made to the SPD as a result of the issue, or explains why no changes were considered necessary.

4.4 The main issues raised by 'prescribed bodies'[1] are identified at the start, followed by 'other organisations'[2] and then 'other respondents' comprising of 'individuals/members of the public.

[1] As listed in Regulation 4 of the Town and Country Planning (Local Development) (England) Regulations 2012
[2] This includes statutory consultees, infrastructure providers, site promoters/developers and other community groups/organisations

Appendix 1 - consultation comments and GBC response

Prescribed bodies

Section / paragraph	Comment	GBC response
	Historic England	
	No response	Noted
	Surrey County Council	
Para 5.43	As the Minerals and Waste Planning Authority (MWPA), welcome the inclusion of paragraph 5.43 in the SPD, which specifically makes mention of paragraph 150 of the National Planning Policy Framework (NPPF). This sets out that mineral extraction is not inappropriate development in the Green Belt.	Noted
Section 4	Acknowledge that waste management development does not benefit from the above exemption and is not covered in the SPD. However, would still like the SPD to make reference in section 4 to paragraph 5.3.1.5 of the Surrey Waste Local Plan 2019 (SWLP) which in short states, that it is considered unlikely that the anticipated waste management needs of the county will be met without developing waste management facilities on Green Belt land. The overarching need for waste management in Surrey combined with a lack of suitable alternative sites outside the Green Belt and the need to locate facilities close to sources of waste, such as households and businesses, are among the reasons why it is considered that very special circumstances may exist for allowing development within the Green Belt.	New paragraph 4.4 added: 'Some uses, particularly those related to key infrastructure, may require a Green Belt location such as waste or wastewater treatment works. This is because it may be necessary for them to be located within a specific area, they may need to be located away from built up areas or there is a lack of alternative sites. These factors would need to be considered when assessing whether very special circumstances exist.'

	Rushmoor Borough Council	
	No comment	Noted
	National Highways	
	No comment	Noted
	Natural England	
	No comment	Noted
	Transport for London	
	No comment	Noted

Other organisations

Section / paragraph	Comment	GBC response
	Paradigm Planning Ltd	
Para 5.21 – 5.34 and 5.38 – 5.42	Confusingly expressed in places especially the section 5.21-5.34 on infilling and villages and previously developed land 5.38-5.42.	The SPD attempts to provide guidance as simply and as clearly as it can however it is acknowledged that Green Belt policy is complex, particularly in relation to limited infilling in villages due to the different categories of villages listed in Policy P2 which this SPD provides guidance on in turn. Both

		exceptions require a number of assessments and judgements to be made.
	Could do with a better structure	The structure of the SPD broadly follows the structure of paragraphs 149 and 150 of the NPPF (the principal paras that the SPD expands upon).
	Mark quotations more clearly eg in italics and indent.	Amended so quotations are in italics.
	Add diagrams to help illustrate point and examples.	Green Belt policy is not like design policy which can be easily illustrated to show both what is acceptable and what is not. Instead, it requires judgements to be made on the specifics of each case in arriving at a conclusion on whether the exception is met or not.
	Add glossary	This is a short SPD that has limited use of abbreviations therefore a glossary is not considered necessary.
Section 6	Section 6 - define 'spatial'	Paragraph 6.1 amended as follows: ‘As set out in paragraph 137 of the NPPF, one of the essential characteristics of Green Belts is their openness. In considering the concept of openness, there are two dimensions; spatial and visual. The spatial dimension relates to the physical scale of the development itself whereas the visual dimension is the extent to which the development can be seen. This

		means that the absence of visual intrusion, or the presence of screening, does not in itself mean that there is no impact on the openness of the Green Belt as a result of the development. Equally this does not mean that the openness of the Green Belt has no visual dimension. Instead, any assessment of the impact of a proposal on the openness of the Green Belt must include consideration of both its ~~the~~ spatial ~~aspect~~ impact as well as its ~~the~~ visual ~~aspect~~ impact.’
Appendix 1	Appendix 1 what is i.r.t.?	Amended to ‘in relation to’
	Effingham Parish Council	
para 5.5 to 5.8	Section on: “Buildings for agriculture and forestry” para 5.5 to 5.8. A recurring attempt to get round the NPPF policies on new buildings in the Green Belt is the building of barns supposedly for agricultural use. Whilst this guidance ensures such barns have to be for agriculture or forestry, it would have been helpful to specify in the guidance that the size and design of the proposed building should be appropriate to its purpose. We are aware of approved barns that appear too large for the purpose they are supposedly intended for and which neighbours suspect may have been built with future conversion to residential use in mind. Such supplementary guidance would help prevent this loophole.	In order to meet this Green Belt exception, a proposal would need to demonstrate that it was legitimately going to be used for agriculture and forestry purposes. Para 5.7 has been amended as follows: ‘In order to fall within this exception, applicants will need to demonstrate that the intended use and design of the building is related to and supports agricultural and forestry related activities, for example a barn.’

		Each proposal must be assessed on its merits at the time rather than what future planning application may be submitted for the building in the future.
Para 2.1 and 5.1	Typo's: 2.1 "Nation" should be "National" 5.1 line 9 " For example, an extension to an agricultural building did result in.." appears to be missing a word like "which" between "building" and "did"	Noted and amended.
	Thames Water	
Section 4	Thames Water have a number of sewage works, water treatment works and pumping station sites located in the Green Belt around Guildford. They are often required to be in these locations to be located away from residential areas and/or close to a water course (for effluent discharge) or water resource. The previous PPG 2 Annex C related to Major Developed Sites in the Green Belt and stated: "C1 Green Belts contain some major developed sites such as factories, collieries, power stations, water and sewage treatment works….These substantial sites may be in continuing use or be redundant. They often pre-date the town and country planning system and the Green Belt designation." Water and wastewater infrastructure is essential to any development. Failure to ensure that any required upgrades to the infrastructure network are delivered alongside development could result in adverse impacts in the form	New paragraph 4.4 added: 'Some uses, particularly those related to key infrastructure, may require a Green Belt location such as waste or wastewater treatment works. This is because it may be necessary for them to be located within a specific area, they may need to be located away from built up areas or there is a lack of alternative sites. These factors would need to be considered when assessing whether very special circumstances exist.'

	of internal and external sewer flooding and pollution of land and water courses and/or low water pressure. Therefore, policies/supporting text that support essential water and wastewater infrastructure at existing developed sites in the Green Belt would be welcomed. A key sustainability objective for the preparation of Local Plans and Neighbourhood Plans should be for new development to be co-ordinated with the infrastructure it demands and to take into account the capacity of existing infrastructure. Paragraph 20 of the revised National Planning Policy Framework (NPPF), 2021, states: "Strategic policies should set out an overall strategy for the pattern, scale and quality of development, and make sufficient provision for… infrastructure for waste management, water supply, wastewater…" Paragraph 11 states: "Plans and decisions should apply a presumption in favour of sustainable development. For plan-making this means that: a) All plans should promote a sustainable pattern of development that seeks to: meet the development needs of their area; align growth and infrastructure; improve the environment; mitigate climate change (including by making effective use of land in urban areas) and adapt to its effects" Paragraph 28 relates to non-strategic policies and states: "Non-strategic policies should be used by local planning authorities and communities to set out more detailed policies for specific areas, neighbourhoods or types of	

	development. This can include allocating sites, the provision of infrastructure…” Paragraph 26 of the revised NPPF goes on to state: “Effective and on-going joint working between strategic policy-making authorities and relevant bodies is integral to the production of a positively prepared and justified strategy. In particular, joint working should help to determine where additional infrastructure is necessary….” The web based National Planning Practice Guidance (NPPG) includes a section on ‘water supply, wastewater and water quality’ and sets out that Local Plans should be the focus for ensuring that investment plans of water and sewerage/wastewater companies align with development needs. The introduction to this section also sets out that “Adequate water and wastewater infrastructure is needed to support sustainable development” (Paragraph: 001, Reference ID: 34-001-20140306). Our experience of our operational assets in Green Belt is that that there is a lack of recognition of the functions of sewage and water treatment and this often leads to a delay in obtaining necessary planning consents for essential operational development (where permitted development rights cannot be used). It is essential that there is provision of adequate water and wastewater infrastructure to service existing and new development to avoid unacceptable impacts on the environment. With potential delays to achieving the necessary upgrades to our assets, the ability of our infrastructure to provide additional water and treat wastewater flows to the required regulatory standards, is undermined. We recommend that the SPD recognise that essential water and wastewater development may need to take place at existing developed sites in the Green	

	Belt and that this may not constitute inappropriate development (in general accordance with the approach set out in Annex C to PPG2).	
	Ramblers Association	
	No mention in this document that any development should keep footpaths open and not obstruct the public's access to the green belt.	Footpaths and public rights of way are protected under separate legislation.
	Surrey Police	
	Request that any development within the Green Belt has a planning condition that it should achieve a Secure By Design Award. “Appropriate facilities for outdoor sport, outdoor recreation, cemeteries and burial grounds and allotments” are normally in isolation from the residential areas making them a target for criminal activity.	Local Plan: Strategy and Sites Policy D1(8) already includes a requirement on this issue to enable appropriate conditions to be attached to planning permissions: *All new development will be designed to reduce opportunities for crime and antisocial behaviour.*
	Guildford Allotments Co-Operative Society Ltd	
Para 5.9	Allotments get a brief mention in para 5.9 but are otherwise not considered. The SPD does not define what constitutes a building, nor does it appear to differentiate between temporary and permanent structures. It does not explain whether a small shed or greenhouse would be acceptable or not on an allotment plot in green belt land. Does the siting of a shipping container contravene the regulations? Something in the introduction ought to state what constitutes a building, or other structure either included or excluded, and whether there is a de minimus size involved.	Policy P2 and this SPD will apply to any proposals for which planning permission is required. Planning permission is required for the “carrying out of any development on land” pursuant to section 57(1) of the town and country planning act 1990, with the definition of “development” including the carrying out of “building operations”. Whilst there is no fixed definition of a building however case law has identified the following three criteria for

		assessing whether a proposal constitutes a building: • size (with a building usually something that is constructed on site, rather than being brought on site already made); • permanence; and • physical attachment to the ground If in doubt, the Council's planning department should be engaged to understand whether planning permission is required for the erection of a structure.
	Ockham Parish Council	
	Would expect that operations such as doggy daycare will remain inappropriate development within the Green Belt. They do not fall under 'outdoor recreation' or 'outdoor sport' or any other definition along these lines and therefore remain contrary to the Green Belt purposes.	This falls outside the scope of the SPD.

Other Respondents

Section / paragraph	Comment	GBC response
Para 5.42	Disagree with the following underlined part.	Para 5.42 has been amended as follows:

	"In order to meet this, proposals will need to demonstrate that there is a genuine local affordable housing need within that settlement/parish area which is unlikely to otherwise be met." If there is an unmet need, the proposal should be compliant and I don't understand why this underlined part is included. Please could you explain ? Unlike paragraph 149f (2021 version) of the NPPF, para 149g does not suggest additional restrictions should be applied other than 1) not causing substantial harm and 2) meeting an identified affordable housing need within the area. If the NPPF had implied otherwise, it would have worded para 149g differently as it did in 149f where it specifically states "under policies set out in the development plan". I would like to see the literal meaning of NPPF 149(f) used and not add the wording which is unlikely to otherwise be met. It is either inappropriate or not inappropriate. There is either an identified housing need or there is not. It is not dependant on future sites coming forward. A clarification of "substantial" might have been useful such as describing it as "a very high bar".	'The second limb of this policy is only engaged for proposals that 'contribute to meeting an identified affordable housing need within the area of the local planning authority'. ~~In order to meet this, proposals will need to demonstrate that there is a genuine local affordable housing need within that settlement/parish area which is unlikely to otherwise be met. Proposals should therefore reflect the scale of need identified and consider what opportunities exist for that identified local need to access alternative affordable housing provision.~~ Unlike rural exception sites, proposals do not need to comprise of solely affordable housing, nor is the level of market homes restricted to that necessary to make the scheme viable. ~~For that reason, the Council's normal affordable housing requirement of at least 40% will be applicable for all schemes.~~'
	Concern regarding significant false, misleading or hidden relevant information used in support of planning applications.	This falls outside the scope of the SPD.
Para 5.35 – 5.37	Abuse of Rural Exception Scheme. Starting in 2014 Ripley Parish Council identified seven sites as potential Rural Exception Sites for Affordable Homes. Why was it, that probably the most damaging one in terms of Green Belt destruction was chosen.	Rural exception sites are not inappropriate in the Green Belt. As discussed in para 5.2 of the SPD, the impact on openness is therefore not a matter for consideration unless explicitly stated

	What can our Planning Authorities learn from this and guard against repeats? Much of the literature around Rural Exception Sites show generous landowners offering to make land available near a village for development at a reasonable price. Generally speaking, it seems that this land is on the edge of a village and its development is not destructive of the openness nor continuity of the Green Belt. In Ripley, 6 of the 7 sites investigated by the Parish Council for Rural Exceptions put at risk neither the Openness nor Continuity of the Green Belt. Why is it that the one chosen (if given approval) will do 100% damage to both openness and especially continuity. Actually, it is rather simple the owner knew very well (from prior refusals) that there was little to no prospect of getting approval for development on such a key piece of open land without re-designation as a RES which would allow unencumbered development and have it treated in the same way as agricultural land with no encumbrance for openness nor continuity and the developer cited the Case Law precedence of Valley Garden Nurseries in their support of this re-designation. This is a disgraceful loophole which must be plugged. Rural Exception was not invented to line the pockets of speculators in difficulty with a piece of land. Furthermore, the removal of historical refusals for planning on this site from the GBC Planning Portal fails to highlight the damage that this development could cause.	in the NPPF exception (which it does not for NPPF para 149(f)). This SPD cannot amend this. Proposals would therefore be assessed against Local Plan: Strategy and Sites Policy H3 together with all other policies including policies such as the visual impact of the proposal on landscape character.
	Guildford Council is ignoring statutory guidelines. For instance, it is obvious that the domestic housing development on the Burntcommon area, off the B2215, Ripley Rd, is a major incursion into agricultural, Green Belt land. It not	This site is allocated in the Local Plan: Strategy and Sites (2019) which removed this land from the Green Belt. Green Belt policy and this SPD would therefore no longer apply to this land.

	within the curtilage of either Ripley or Send and clearly flouts Green Belt policy.	

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Guildford Borough Council

Report to: Executive
Date: 23 November 2023
Ward(s) affected: All wards
Report of Director: Community Wellbeing
Author: Liz Mockeridge, Waste Strategy and Technical Support Lead
Tel: 01483 445088
Email: Liz.Mockeridge@guildford.gov.uk
Lead Councillor responsible: Cllr George Potter
Tel: 07411 005115
Email: George.potter@guildford.gov.uk
Report Status: Open

Recycling Policy Review

1. Executive Summary

The purpose of this report is to make recommendations for recycling and waste related policy change. The review and its subsequent recommendations have been driven from the service challenge procedure and are focused on making the service more cost efficient for the taxpayer without substantial environmental or customer service impact.

The recommendations cover 5 areas: The operation of recycling bring sites; the provision of refuse and recycling sacks to properties without space for wheeled bins; the provision of indoor use food waste caddies; the provision of kerbside food waste caddies and the provision of recycling bins. The options for each are detailed in 7.

2. Recommendation to Executive

That the Executive approves:

2.1. The closure of the recycling ‘bring’ sites across the borough, converting two – Station Parade in East Horsley and Portsmouth Road in Guildford – to flats recycling collection points.

2.2. To cease the supply of refuse sacks to the 1,917 properties that currently receive them but to continue the supply of recycling sacks.

2.3. To cease supplying 7L internal food waste caddies for use in residents’ kitchens.

2.4. To continue to supply 23L external kerbside food waste caddies.

2.5. To continue the supply of recycling bins.

3. Reason(s) for Recommendation:

3.1. Acceptance of the proposals to close the bring sites, cease the supply of refuse sacks and cease the supply of 7L internal food waste caddies allows a reduction in costs to the taxpayer with relatively little operational or customer service impact. Continuing the supply of 23L external kerbside food waste caddies and recycling bins allows the current service provision to continue uninterrupted while we wait for the impending recycling service regulatory update.

4. Exemption from publication

4.1. None.

5. Purpose of Report

5.1. The purpose of this report is to recommend policy changes to ensure that the service remains relevant and cost effective for the council taxpayer.

6. Strategic Priorities

6.1. To engage with residents and businesses to encourage them to act in more environmentally sustainable ways through their waste, travel and energy choices.

6.2. The proposals in this report aim to meet the above strategic priority through the more efficient use of the council's kerbside services and appropriate waste management at the kerbside.

7. Background

7.1. Following the Service Challenge process, a number of options were identified to review policy with the intention of lowering costs to the taxpayer. These considered the operation of bring sites, the supply of sacks, the supply of food waste caddies and the supply of recycling bins.

'Bring' sites

7.2. We currently operate 22 bring sites of various sizes and locations across the borough. Some of the sites are owned by Guildford while others are operated with permission from the landowners. At some sites we have given authorisation for all the containers while others give permissions to collection organisations directly. For example, we fully control the Portsmouth Road site while at Coronation Gardens Ash Parish Council own the land and control who has permission to deposit banks at the site. These were introduced before good kerbside recycling services were established so are now a duplication of what can be collected from most properties. There are two sites that provide recycling facilities for local flats above shops where there is not space for recycling provision. These are at Station Parade in East Horsley and Portsmouth Road Car Park in Guildford.

7.3. The full list of sites is shown in table 1, below. These sites were last reviewed and refurbished in 2013 so are due a programme of work to refurbish the banks, this is expected to cost a one off figure of £3,778. The current provision of banks for Waste Electrical and Electronic

Equipment (WEEE) banks is due to cease in late 2023 through a separate review by the providers, Surrey County Council.

Site name	Locality	Card	Plastics	Metals	Glass	Textiles	WEEE
Artington Park and Ride	Guildford	Y	Y	Y	Y	Y	N
Coronation Gardens Recreation Ground	Ash	Y	Y	Y	Y	Y	Y
Carrington Recreation Ground	Ash	Y	Y	Y	Y	Y	N
Station Parade Car Park Access Road	East Horsley	Y	Y	Y	Y	Y	N
Guildford Park Avenue Car Park	Guildford	Y	Y	Y	Y	Y	N
Portsmouth Road Car Park	Guildford	Y	Y	Y	Y	Y	N
Ash Football Club	Ash	N	N	N	Y	N	N
Spectrum Leisure Centre	Guildford	Y	Y	Y	Y	Y	Y
Bright Hill Car Park	Guildford	N	N	N	N	Y	N
Merrow Village Hall	Merrow	Y	Y	Y	Y	N	N
Normandy Cricket Club	Normandy	N	N	N	Y	N	N
Tesco's	Guildford	Y	Y	Y	Y	Y	Y
Park Barn Community Centre	Guildford	N	Y	Y	Y	Y	N
Albury Village Hall	Albury	Y	Y	Y	Y	Y	N
Fairlands Community Centre	Guildford	Y	Y	Y	Y	Y	Y
Gomshall Train Station	Gomshall	N	Y	Y	Y	Y	N
Onslow Village Hall	Guildford	N	N	N	Y	N	N
Lord Pirbright Hall	Pirbright	Y	Y	Y	Y	N	N
King George V Playing Fields	Effingham	Y	Y	Y	N	N	N
Shalford Scout Hut Car Park	Shalford	Y	Y	Y	Y	Y	N
Tongham Community Centre	Tongham	Y	Y	Y	Y	Y	N
Puttenham Pickled Pig Car Park	Puttenham	N	N	N	Y	Y	N

Table 1 showing the bring sites and materials collected across Guildford.

7.4. The sites are increasingly subjected to antisocial behaviour including fly tipping, graffiti and illegal use by commercial premises. There have also been issues with rogue banks appearing on sites, these are not authorised and appear to be linked to a company that does not hold a waste carriers licence or other appropriate permits to allow them to collect textiles. Officers have ensured their removal through enforcement action but the containers have repeatedly reappeared next to other banks.

7.5. The current sites are emptied throughout the week utilising our domestic and commercial collection crews. At weekends staff clear the sites on overtime. The cost of collections is £26,202 per year.

7.6. Three options for the future of the sites have been considered:

7.6.1. Option 1 - Do nothing – keep all 22 bring sites operating as currently.

7.6.2. Option 2 - Reduce the numbers of bring sites – reviewing the distribution of sites would lead to a limited cost saving dependent on which sites were closed.

7.6.3. Option 3 - Close the bring sites and convert Station Parade (East Horsley) and Portsmouth Road (Guildford) sites to flats recycling points.

7.7. It is recommended that the bring sites are closed and Station Parade and Portsmouth Road sites converted to flats recycling points. This will save both the annual servicing cost of £26,202 and the one off refurbishment cost of £3,778. It also avoids unquantifiable officer support costs and creates a small amount of capacity in the recycling collection rounds to absorb new property demand on the service. This also offers the opportunity to reduce fly tipping by removing the 'hot spot' sites and to prevent an illegal commercial waste disposal route, potentially offering an uplift in Business Waste customers.

7.8. It is not expected to disadvantage any residents as the services provided at bring sites are already available at the kerbside with excess recycling able to be collected from next to their recycling bins if required.

7.9. Costs to closure would come from the removal of the signage and bins from the current sites. Discussions with landowners are also required to establish whether they wish to take on the management of third party textile banks at these sites. A communication plan would need to be developed to ensure that the site closure message is delivered appropriately, reducing the chance of fly tipping after the bank removal.

Refuse and recycling sack provision

7.10. Guildford Borough Council have historically supplied both refuse and recycling sacks to properties that do not have the space to store wheeled bins at their properties. This policy was initiated at a time when we supplied the initial issue and subsequent replacement of wheeled bins free of charge. Since 2013 we have charged for the initial issue of both refuse and recycling bins and the replacement of refuse bins.

7.11. We currently supply refuse sacks to 1,917 properties and recycling sacks to 3,053 properties. We recommend all properties use refuse sacks, whether or not they have a wheeled bin but do not supply the sacks to those with a bin. Recycling sacks are supplied to ensure that they remain fit for the service operation by being thick enough to safely lift glass bottles and jars in the recycling and to ensure that they are clear enough for our crews to check their content.

7.12. Three options for the future of sack provision were considered:

7.12.1. Option 1 - Do nothing – continue to supply both refuse and recycling sacks

7.12.2. Option 2 - Supply recycling sacks only – offering a cost saving of £19,136 annually (through the ceasing of supply and delivery of refuse sacks and allowing us to move to a single deliver each year).

7.12.3. Option 3 - Stopping the supply of both refuse and recycling sacks – offering a cost saving of £46,302 annually (through the ceasing of all sack supply and delivery).

7.13. It is recommended that option 2 is selected – stopping the supply of refuse sacks but continuing to supply recycling sacks. This will allow an annual cost saving of £19,136. It is recommended that recycling sacks continue to be supplied to ensure that we can retain a safe operation and control of material quality. It has been identified that the cost saving from not supplying recycling sacks could easily be outweighed by the cost of an increase in contamination disposal with another Surrey authority seeing costs from contamination at £21,000 already in 2023.

7.14. The stop in supply of refuse sacks will mean residents have to buy their own. This will be at an anticipated annual cost of approximately £11 for each of the 1,917 residents affected.

Small kitchen food waste caddy provision

7.15. We currently supply small 7L internal silver kitchen caddies for use by residents within their kitchens. They are designed to be used to hold food scraps before they are placed into the larger green or black 23L external kitchen caddy – the container used for kerbside collections. The indoor caddy is the only container we supply that is not handled by our crews, only by the resident. The outdoor caddy has to be of a specific size and quality for use by the crews but there are not requirements for the container used by the resident.

7.16. The kitchen caddies were introduced in 2009, when kerbside food waste collections were first introduced across the borough. We provided them to ensure that the service was accessible to residents as alternatives were not available locally. This is now not the case and kitchen caddies are easily available from supermarkets, homeware and hardware stores.

7.17. Three options for the provision of kitchen caddies were considered:

7.17.1. Option 1 - Do nothing – continue to supply the 7L internal caddy for use within residents' kitchens.

7.17.2. Option 2 - Stop supplying 7L internal kitchen caddies – this would save us approximately £7,160 in supply costs annually. There is no delivery saving as we do not deliver these.

7.17.3. Option 3 - Charge for 7L internal kitchen caddies – this charge would need to be around £15 per container to cover the purchase, administration and delivery costs. There would be an online order system development cost of £4,500 and the demand may create an additional requirement for an additional delivery driver and vehicle as purchased containers would need to be delivered where they are currently collected from Parish Councils and the Millmead office.

7.18. It is recommended that Option 2 is selected – that we no longer provide 7L internal kitchen caddies. This will allow an annual cost saving of approximately £7,160. This option is recommended as it avoids costs while avoiding the risk from additional resources being required. Research has identified that supermarkets charge between £4 and £12 for a kitchen caddy so our cost to the resident would be higher and therefore not cost effective for them, leading to low demand from our sticks. This in turn would lead to more storage space being required at the depot due to the slow distribution of stocks.

Charging for food waste caddies

7.19. We currently supply all food waste caddies free of charge. These can be collected from a number of Parish Councils and our Millmead office. The larger, 23L external caddy has to be certified by Guildford as meeting specific criteria to ensure that they are safe for our crews to use, to comply with Health and Safety Regulation. Most kerbside caddy replacements are due to caddies becoming brittle over time so issues and failures tend to present at the point of collection.

7.20. At this time, the collection of food waste from all properties is not compulsory but the Environment Act 2021 will make food waste collections compulsory for all Local Authorities and is partnered by a ban on biodegradable waste from landfill by 2028.

7.21. Three options for the charging for food waste caddies were considered:

7.21.1. Option 1 - Do nothing – to continue supplying food waste caddies at no cost to the resident

7.21.2. Option 2 - Stop supplying all food waste caddies – this would provide a cost saving of £7,160 for the 7L internal caddies and £26,007 for the provision of 23L external caddies. There is no saving on delivery costs as these are not delivered. This option would require residents to provide their own caddies which is expected to reduce use of the food waste service, prompting more food waste to end up in the refuse bins and would raise health and safety concerns stemming from the use of uncertified containers by our crews leaving us liable for any crew injury.

7.21.3. Option 3 - Charging for all caddies – We have identified that we would need to charge around £15 for a small caddy and £17 for a large caddy to cover the cost of the container, administration and delivery costs. There would also be an online order system development cost of £4,500.

7.22. It is It is recommended that option 1 – to do nothing, is selected. With the Environment Act 2021's focus on food waste it is recommended that we continue to supply the 23L outside caddy to encourage the continued use of the food waste service. The implications for the risk of injury from manual handling injuries by not supplying kerbside caddies are significant enough that we need to retain control of this as an authority to ensure the continued protection of our workforce safety.

Charging for recycling bins

7.23. We currently supply additional or replacement recycling bins at no cost to the resident. In 2013 we introduced charges for the initial issue of a set of refuse and recycling bins to a property, this is currently £60 for the set. Replacement refuse and garden waste bins have also been charged for since 2013, this charge is currently £30 per container.

7.24. All containers that our collection crews handle have to meet a minimum standard and the build has to be checked before the container can be issued for use. This ensures that we comply with health and safety rules. We comply with this by ensuring that we buy these from a supplier who has evidence they have reached the required standard and by testing the compatibility of containers with our vehicle lifts, the logo on the front of the bin is part of our marking to confirm it meets these standards. In addition, the crews are trained on each manufacturers container to ensure that they are able to complete a safety assessment before the container is emptied.

7.25. In 2019, the government went out to consultation on a number of regulatory changes. These were subsequently delayed by the covid pandemic, and we have been informed that they are imminent but are currently waiting for details on how they may change the design of the kerbside collection services. The Environment Act 2021 introduces some elements but further regulatory tools are expected with more requirements.

7.26. Three options for the charging of recycling bins were considered:

7.26.1. Option 1 - Do nothing – Continue to supply additional and replacement recycling bins free of charge

7.26.2. Option 2 - Charge for delivery only – this would provide cost savings of approximately £7,200 annually but would also have an online order development cost of £4,500.

7.26.3. Option 3 - Charge for containers and their delivery – this would generate cost savings of approximately £35,000 annually but would also have a system development cost of £4,500.

7.27. It is recommended that option 1 – to do nothing is selected at this time. The uncertainty around the new recycling regulation means that there is a risk of implementing changes that would need to be undone in the short term. It is therefore recommended that this be reviewed when more information becomes available. Charging for recycling containers or their delivery is also likely to cause a reduction in the number of recycling bins in use, potentially driving more recycling into the refuse stream and creating a higher cost to the Surrey taxpayer through higher disposal costs. 2017 doorstepping data highlighted that 64% of recycling bins are full at each fortnightly collection while only 42% of refuse are full at the same collection frequency, suggesting that refuse tonnages collected from the kerbside could increase where recycling capacity is limited. It would also increase the number of non-GBC bins presented for collection, increasing the risk to the safe operation of collections by our crews.

8. Consultations

8.1. The recommendations have been supported by the Lead Councillor, George Potter, and Community Executive Advisory Board.

8.2. Officers from Surrey County have been consulted and agreed that the recommendations made are in line with policy adoption at other Local Authorities.

8.3. Officers from Guildford's Enforcement Team have been consulted and have agreed an enforcement approach for antisocial behaviour after the potential closure of bring sites.

9. Key Risks

9.1. The removal of bring sites offers the greatest risk to the organisation of the options recommended due to the short-term increase in fly tips at these sites after their removal. Mitigation is planned through a combination of early communication, enforcement support and additional street cleaning resources at the removal of the sites. Christmas is the period of peak use for these sites and it is intended, if authority is given, that the closure is communicated at all sites with immediate affect ensuring signage makes the closure clear to visitors over the Christmas period before the sites are removed in January 2024. Enforcement and Street Cleaning teams would be engaged to ensure that any fly tipping after the sites' removal is dealt with rapidly, so as to not encourage more antisocial behaviour, and enforcement action taken and publicised to ensure that repeat behaviour does not occur.

10. Financial Implications

10.1. Adopting the recommendations allows for combined annual cost savings of £52,498 and avoided one off costs of £3,778. This is broken down into the following elements:

10.1.1. Brings sites closure – £26,202 annual saving and £3,778 one off avoided costs.

10.1.2. Ceasing the provision of refuse sacks - £19,136 annual saving

10.1.3. Ceasing the provision of 7L internal kitchen caddies – £7,160 annual saving

11. Legal Implications

11.1. The Environmental Protection Act 1990 (as amended), Sections 45 and 45A requires Waste Collection Authorities (WCA's) to provide recycling collections. The closing of the bring sites does not affect our delivery of this duty as the kerbside collections and the proviso for alternative collections to be provided at two of these sites ensures the Council will continue to comply with duty.

11.2. The Environmental Protection Act 1990 (as amended), Section 46, allows authorities to require specific standards of container are used, mandate that they are purchased through the Council or require residents to provide their own for use at kerbside collections. The proposals set out in the report fall within the options permitted under the Act.

11.3. The Crime and Disorder Act 1998, Section 17, requires Local Authorities to have due regard to the effect of the exercise of our functions on, and the need to prevent, crime and disorder in our area. We recognise that the closure of the brings sites may cause a short-term increase in fly tipping and have planned to manage this risk through the plans noted in 9.1.

12. Human Resource Implications

12.1. No HR implications apply.

13. Equality and Diversity Implications

13.1. The Council has considered the Public Sector Equality Duty set on in s149 of the Equalities Act 2010 in the context of this report and it has been concluded that there are no equality and diversity implications arising directly from the recommendations made in this report.

14. Climate Change/Sustainability Implications

14.1. The recommendations could be perceived as acting contrary to improving recycling and waste management within the borough but improves the efficiency of the operation with an associated reduction in vehicle usage.

14.2. Removal of the bring sites will encourage residents to use their kerbside recycling services more than they do currently. This removes vehicle journeys to recycling sites and ensures a more efficient operation from the kerbside.

14.3. The ceasing of supply of refuse sacks will have no environmental impact.

14.4. The ceasing of supply of small food waste caddies will have little to no affect. Waste and Resources Action Programme’s best practice guide has identified that customers often purchase their own containers as the local authority containers often do not meet their needs in terms of colour and sizing. It also identifies that the critical container for accessing this service is the larger collection caddy that is presented at the kerbside.

14.5. We are recommending no change in the provision of food waste caddies. It is expected that either charging for food waste caddies or stopping the supply of them would cause a significant reduction in food waste collection service participants over time and an increase in the volume of waste going to landfill.

14.6. We are recommending no change in the provision of recycling bin. It is expected that either charging for recycling bins and / or their delivery would cause a significant reduction in the volume of recycling collected over time and increase in the volume of waste going to landfill.

15. Executive Advisory Board comments

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

15.1.1. It was hoped that, with the possibility of 'bring' sites being closed, residents were aware that they were able to recycle textiles and shoes at the kerbside as a number of communications to this effect had been circulated. The Annual Recycling Leaflet, designed by the SEP on the Council's behalf, would be delivered to each household in the Borough in October, at a significant cost, which included details in respect of local kerbside recycling services. The SEP had a separate communications team supported by the Surrey local authorities which provided an additional messaging opportunity. There was also an option to undertake some publicity in partnership with other Surrey boroughs and districts experiencing similar issues to share costs by pursuing a county-wide campaign. Although the Council's Communications Team could be approached with a view to obtaining a quotation in respect of a communications campaign to raise public awareness of local recycling facilities, the EAB was reminded that the Council was currently experiencing considerable financial challenges.

15.1.2. In the event of the closure of the bring sites, information concerning the alternative recycling services would be posted at the sites and a relatively long lead in notice time would be provided, particularly to take account of the peak use following Christmas. Such closure of the bring sites would involve the Waste and Recycling Team working in partnership with the Enforcement Team following the peak period to ensure that support, within current resources, was in place to tackle any resulting fly-tipping. Posting notices at bring sites during busy periods was an effective and economical form of communication. In addition, information concerning kerbside recycling was included on the Council’s website and social media platforms.

15.1.3. Charity recycling collection banks, which were not situated at the Council’s allocated sites, would remain across the Borough to offer a separate service.

15.1.4. Whilst the Council encouraged composting of garden and food waste, many properties had limited space to accommodate composters which made the food waste collection service valuable. Related information was available on the Council’s website and the SEP offered residents an opportunity to purchase composter bins such as the ‘Green Johanna’ at a discounted price to compost food and garden waste. However, one of the challenges with food waste was the expectation that the Government would require councils to provide a food waste collection service from every property by 2028. One reason for this approach was that food waste was beneficial for anaerobic digestion and production of methane and other usable gases.

15.1.5. A Councillor welcomed the recommended options which were felt to recognise and seek to overcome the potential barriers and financial costs faced by residents in readiness for the legislative changes to be introduced in 2028.

15.1.6. The EAB indicated its agreement with each of the five recommendations put forward by officers in relation to bring sites, sack provision, small kitchen caddy provision, charging for food waste caddies, and charging for recycling bins.

16. Summary of Options

‘Bring’ sites

16.1. The three available options with regards to reviewing bring sites are:

16.1.1. Option 1 - Do nothing – keep all 22 bring sites operating as currently.

16.1.2. Option 2 - Reduce the numbers of bring sites – reviewing the distribution of sites would lead to a limited cost saving dependent on which sites were closed.

16.1.3. Option 3 - Close the bring sites and convert Station Parade (East Horsley) and Portsmouth Road (Guildford) sites to flats recycling points.

16.2. It is recommended that the bring sites are closed and Station Parade and Portsmouth Road sites converted to flats recycling points. This will save both the annual servicing cost of £26,202 and the one off refurbishment cost of £3,778. It also avoids unquantifiable officer support costs and creates a small amount of capacity in the recycling collection rounds to absorb new property demand on the service. This also offers the opportunity to reduce fly tipping by removing the 'hot spot' sites and to prevent an illegal commercial waste disposal route, potentially offering an uplift in Business Waste customers.

16.3. It is not expected to disadvantage any residents as the services provided at bring sites are already available at the kerbside with excess recycling able to be collected from next to their recycling bins if required.

16.4. Costs to closure would come from the removal of the signage and bins from the current sites. Discussions with landowners are also required to establish whether they wish to take on the management of third party textile banks at these sites. A communication plan would need to be developed to ensure that the site closure message is delivered appropriately, reducing the chance of fly tipping after the bank removal.

Refuse and recycling sack provision

16.5. The three options with regards to future of sack provision are:

16.5.1. Option 1 - Do nothing – continue to supply both refuse and recycling sacks

16.5.2. Option 2 - Supply recycling sacks only – offering a cost saving of £19,136 annually (through the ceasing of supply and delivery of refuse sacks and allowing us to move to a single delivery each year).

16.5.3. Option 3 - Stopping the supply of both refuse and recycling sacks – offering a cost saving of £46,302 annually (through the ceasing of all sack supply and delivery).

16.6. It is recommended that option 2 is selected – stopping the supply of refuse sacks but continuing to supply recycling sacks. This will allow an annual cost saving of £19,136. It is recommended that recycling sacks continue to be supplied to ensure that we can retain a safe operation and control of material quality. It has been identified that the cost saving from not supplying recycling sacks could easily be outweighed by the cost of an increase in contamination disposal with another Surrey authority seeing costs from contamination at £21,000 already in 2023.

16.7. The stop in supply of refuse sacks will mean residents have to buy their own. This will be at an anticipated annual cost of approximately £11 for each of the 1,917 residents affected.

Small kitchen food waste caddy provision

16.8. The three options for the provision of kitchen caddies are:

16.8.1. Option 1 - Do nothing – continue to supply the 7L internal caddy for use within residents' kitchen.

16.8.2. Option 2 - Stop supplying 7L internal kitchen caddies – this would save us approximately £7,160 in supply costs annually. There is no delivery saving as we do not deliver these.

16.8.3. Option 3 - Charge for 7L internal kitchen caddies – this charge would need to be around £15 per container to cover the purchase, administration and delivery costs. There would be an online order system development cost of £4,500 and the demand may create an additional requirement for an additional delivery driver and vehicle as purchased containers would need to be delivered where they are currently collected from Parish Councils and the Millmead office.

16.9. It is recommended that Option 2 is selected – that we no longer provide 7L internal kitchen caddies. This will allow an annual cost saving of approximately £7,160. This option is recommended as it avoids costs while avoiding the risk from additional resources being required. Research has identified that supermarkets charge between £4 and £12 for a kitchen caddy so our cost to the resident would be higher and therefore not cost effective for them, leading to low demand from our stocks. This in turn would lead to more storage space being required at the depot due to the slow distribution of stocks.

Charging for food waste caddies

16.10. The three options for the charging for food waste caddies are:

16.10.1. Option 1 - Do nothing – to continue supplying food waste caddies at no cost to the resident

16.10.2. Option 2 - Stop supplying all food waste caddies – this would provide a cost saving of £7,160 for the 7L internal caddies and £26,007 for the provision of 23L external caddies. There is no saving on delivery costs as these are not delivered. This option would require residents to provide their own caddies which is expected to reduce use of the food waste service, prompting more food waste to end up in the refuse bins and would raise health and safety concerns stemming from the use of uncertified containers by our crews leaving us liable for any crew injury.

16.10.3. Option 3 - Charging for all caddies – We have identified that we would need to charge around £15 for a small caddy and £17 for a large caddy to cover the cost of the container, administration and delivery costs. There would also be an online order system development cost of £4,500.

16.11. It is It is recommended that option 1 – to do nothing, is selected. With the Environment Act 2021's focus on food waste it is recommended that we continue to supply the 23L outside caddy to encourage the continued use of the food waste service. The implications for the risk of injury from manual handling injuries by not supplying kerbside caddies are significant enough that we need to retain control of this as an authority to ensure the continued protection of our workforce safety.

Charging for recycling bins

16.12. The three options for the charging of recycling bins are:

16.12.1. Option 1 - Do nothing – Continue to supply additional and replacement recycling bins free of charge

16.12.2. Option 2 - Charge for delivery only – this would provide cost savings of approximately £7,200 annually but would also have an online order development cost of £4,500.

16.12.3. Option 3 - Charge for containers and their delivery – this would generate cost savings of approximately £35,000 annually but would also have a system development cost of £4,500.

16.13. It is recommended that option 1 – to do nothing is selected at this time. The uncertainty around the new recycling regulation means that there is a risk of implementing changes that would need to be undone in the short term. It is therefore recommended that this be reviewed when more information becomes available. Charging for recycling containers or their delivery is also likely to cause a reduction in the number of recycling bins in use, potentially driving more recycling into the refuse stream and creating a higher cost to the Surrey taxpayer through higher disposal costs. 2017 doorstepping data highlighted that 64% of recycling bins are full at each fortnightly collection while only 42% of refuse are full at the same collection frequency, suggesting that refuse tonnages collected from the kerbside could increase where recycling capacity is limited. It would also increase the number of non-GBC bins presented for collection, increasing the risk to the safe operation of collections by our crews.

17. Conclusion

17.1. In conclusion, it is recommended that the Executive accept the recommendations to remove the 22 bring sites across the borough, converting those at Portsmouth Road and Station Parade into flats communal recycling points, to stop the supply of refuse sacks and to stop the supply of the small, kitchen caddies for food waste. The acceptance of the recommendations will allow Guildford to save £52,498 annually from current budgets without significant impact on residents, the environment or health and safety.

18. Background Papers

18.1. None

19. Appendices

19.1. None.

Guildford Borough Council

Report to: Executive

Date: 23 November 2023

Ward(s) affected: All

Report of Director: Ian Doyle, Transformation and Governance

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Report Status: Open

Medium Term Financial Plan (MTFP) and Financial Recovery Plan – November Update Report

1. Executive Summary

1.1. The Council agreed the 2023-24 budget in February 2023 with a £3.3m shortfall requiring further work to remove this gap, with the fallback position being the deployment of usable reserves.

1.2. An updated MTFP position was presented to the Council in July 2023 which set out the key issues and the position in which the Council was now left. In summary this was a remaining in-year deficit of £1.7m and a budget gap of £18.3m over the MTFP period to 2026-27.

1.3. A Financial Recovery Plan was presented to Council in August and updated in October. This set out the immediate and medium-term actions being taken to address both the in-year and medium-term budget gaps.

1.4. In October, the Interim s151 officer concluded that sufficient progress had been made to avoid the need for a s114 report to be issued but that significant work was still required to produce a balanced budget for 2024-25 and beyond.

1.5. This report updates on the MTFP position, potential funding changes, and progress on the Recovery Plan workstreams.

1.6. The report also sets out the outcome of the review of the Capital Programme. If approved, this will remove £96.6m from the Approved and Provisional programmes which will reduce the Council's projected borrowing needs.

1.7. Section 9 of the report gives a high-level update on the potential remaining budget gap to be addressed and the actions ongoing to address this. The work to date on the Financial Recovery Plan has reduced the July MTFP gap of £18.3m by £9m to £7.3m.

1.8. Although excellent progress has been made, significant further work is still required to produce a balanced budget for 2024-25.

2. Recommendation to Executive

That the Executive:

2.1. Notes the updated MTFP position and the further work ongoing to produce a balanced budget for 2024-25.

2.2. Recommends to Council (5 December 2023) that the proposed changes to the Approved and Provisional Capital Programmes set out in Appendix 1 be approved.

3. Reason for Recommendation:

3.1 To enable the Council to protect the current level of reserves and to set a balanced budget and a robust Medium-Term Financial Plan.

4. Exemption from publication

4.1. None

5. Purpose of Report

5.1. This report sets out the progress to date in addressing the MTFP budget gap through the workstreams established as part of the Council's Financial Recovery Plan.

5.2. The report details the output from the workstream dealing with reviewing the Council's capital programme and recommends a revised programme for approval.

6. Strategic Priorities

6.1. The budget underpins the Council's strategic framework and delivery of the Corporate Plan.

7. Background

7.1. The Council agreed the MTFP in February 2023 but with further work required at that stage to remove the need for reserves and balances to be used to close the in-year budget gap.

7.2. A number of issues were identified during the audit of the 2020-21 statement of accounts which led to the usable reserves of the Council being restated at a level of around £20 million less than previously reported. Significant due diligence work was undertaken to establish the baseline position and an updated General Fund budget was presented to Council in July 2023. This set out the gravity of the financial position and raised the possibility of the Council issuing a s114 report if insufficient action was taken.

7.3. A first issue of the Financial Recovery Plan was endorsed by the Council on 30 August 2023, establishing both immediate actions such as a freeze on both vacancies and non-essential expenditure to help bring the current year back into balance. It also established a number of workstreams to deal with the MTFP budget gap together with a programme of improvements needed within the finance service.

7.4. A second issue of the Financial Recovery Plan was endorsed by Council on 10 October 2023 which detailed the actions to bring the current year's budget back within balance and an update on the other workstreams.

7.5. This report provides a further update, reflects upon how this will impact on the MTFP, and the further work still required to produce a balanced budget for 2024-25 which will be set in February.

8. Medium Term Financial Plan Update

8.1 The revised budget agreed by the Council on 25 July 2023 showed a projected budget gap over the MTFP period of £18.268m

	2023-24 Approved £'000	2024-25 Forecast £'000	2025-26 Forecast £'000	2026-27 Forecast £'000
Deficit / Surplus in-year	3,100	8,694	5,865	609
Cumulative Deficit	3,100	11,794	17,659	18,268

8.2 The funding assumptions used were as follows:

	2023-24 £m	2024-25 £m	2025-26 £m	2026-27 £m
Council Tax	11.253	11.851	12.207	12.575
CT surplus	0.140	0	0	0
Business Rates	3.670	3.211	3.093	3.093
New Homes Bonus	1.283	0	0	0
Services Grant	0.199	0.114	0.114	0.114
Revenue Support Grant	0.134	0	0	0
Funding Guarantee	0	0	0	0
TOTAL	**16.161**	**15.176**	**15.414**	**15.782**

8.3 The Local Government Finance Settlement will confirm funding levels for 2024-25. However, this is not expected to be received until mid-December. The latest assumptions are set out below.

Council Tax

8.4 The 2023 finance settlement confirmed that capping rules for District Councils in 2023-24 and 2024-25 would be 2.99%. There is no indication that this is likely to change. For Guildford, 1% on Council Tax equates to around £116,000 of funding.

8.5 The mid-year taxbase estimates have been submitted to the Department for Levelling Up, Housing and Communities (DLUHC) and show an increase of around 1.2% from last year. This is a small increase from the 1% assumed in the MTFP estimates.

8.6 Work is in train to look at the discretionary council tax policies and compliance in areas such as single person discount to ensure that the Council is receiving the income that it is due.

Business Rates

8.7 A reset of the business rates baseline has been anticipated for several years, with the implementation of the Fair Funding Review. It has now been confirmed that this will not take place in the current parliamentary term.

8.8 The business rates multiplier for 2024-25 has not been confirmed but should increase with inflation or if not, compensation given to local authorities via s31 grant.

New Homes Bonus (NHB)

8.9 A new scheme was due to be introduced two years ago but has still not even reached consultation stage. The notes included in the exercise for collection of the mid-year taxbase would suggest that a further single year of NHB is likely to be received as part of the Finance Settlement.

8.10 The value of this depends upon housing growth and empty homes brought back into use. In the current year, a sum of £1.283m has been received. No NHB is currently factored into the MTFP projections.

Other Non-ringfenced Grants

8.11 In the current year, £0.199m of Services Grant and £0.134m of revenue support grant have been received.

8.12 In the 2023-24 settlement, a funding guarantee was included which guaranteed all councils a minimum increase of 3% in Core Spending Power.

8.13 At present, only a small amount of Services Grant is factored into the MTFP projections. If the funding guarantee is repeated for 2024-25, then losses of NHB and other non-ringfenced grants should be compensated through this mechanism. It is therefore likely that the current funding projection for 2024-25 is too prudent but this will only be confirmed in the December settlement.

Cost Pressures

8.14 Inflation remains stubbornly high, with the latest CPI figure (September 2023) unchanged at 6.7%. Whilst down from the October 2022 peak of 11.1%, this still remains well above the Bank of England target of 2%.

Pay Award

8.15 The pay award for Guildford is locally negotiated and has not yet been agreed for 2024-25. The MTFP assumptions were based upon an average increase of 3.3% over the MTFP period. Note – an additional 1% on the pay award would add an extra £0.32m to the budget gap.

Contract Inflation

8.16 Where possible, service budgets across the Council will be held at 2023-24 levels. However, there are areas of expenditure which we are contractually obliged to increase.

8.17 Major areas will include Utilities, Repairs and Maintenance, ICT, Telephony, contracted services, materials etc.

8.18 On utilities, the current contract runs to September 2024 and will be re-tendered. On rates available presently, this could produce a significant saving to the Council. However, with world events, this is a very volatile market so this cannot be secured until nearer the renewal date.

Borrowing Costs

8.19 Around half of the projected £18.3m MTFP gap relates to capital financing costs. This is due partly to the Council's ambitious capital programme and also due to the fact that the cost of borrowing has increased significantly since many of the major schemes in the capital programme were approved.

8.20 The largest capital project is the Weyside Urban Village (WUV) and although that will require significant borrowing during the 10-year project, that is not the driver for the MTFP gap. The interest payments on WUV are being capitalised so they will form part of the overall net project cost and MRP charges will not be made until the scheme is operational (in line with local authority accounting arrangements).

8.21 It is anticipated that total borrowing for the Council could peak at £600m (including HRA debt) prior to land sales on the WUV scheme which will generate capital receipts to repay some of the debt. The actions detailed below are intended to reduce the peak debt to £450m (including HRA debt).

8.22 With this in mind, a full review of the capital programme has been undertaken as part of the Financial Recovery Plan workstreams. This review has identified over £96m of schemes within the Approved and Provisional capital programmes which are now recommended to be removed.

8.23 The full list of proposed amendments to the capital programme are set out in **Appendix 1**, with key items summarised below:

Approved Programme

- Rodboro buildings – delayed due to planning.

- Property acquisitions – removed due to changes in the prudential code £20.823m
- Shaping Guildford's Future – revised approach £4.170m

Provisional Schemes

- Energy efficiency compliance – delayed.
- Westfield/Moorfield Rd resurfacing – brought forward.
- Guildford West Station – moved back to Capital vision £1,000.
- Property acquisitions – removed due to changes in the prudential code £38.292m
- EV for waste vehicles – delayed until new depot available.
- North Downs Housing Ltd / Guildford Borough Council Holdings Ltd – further investment removed £30.1m

8.24 Savings will be made against the £18.3m budget gap due to both a delayed and reduced need for further borrowing.

8.25 It must, however, be noted that only those items within the MTFP period will help to reduce the borrowing costs within the MTFP, and hence contribute towards the £18m budget gap. The other future changes will help reduce the future capital financing needs and hence reduce the extra budget requirements which would need to be dealt with in future years.

8.26 Additionally, a further workstream within the Financial Recovery Plan is looking at the potential for asset disposals. A target sum of £50m of capital receipts is being sought which will help to further reduce the long-term borrowing needs of the Council. These disposal plans will be more fully developed over the next few months, prior to the Council's budget being set in February 2024. This will also have an additional knock-on effect of reducing the revenue costs for the running and maintenance of our assets.

9. Revised MTFP Position

9.1 The table below summarises the indicative impact on the MTFP gap from the Financial Recovery Plan work to date.

	2023-24 Approved £'000	2024-25 Forecast £'000	2025-26 Forecast £'000	2026-27 Forecast £'000
Deficit / Surplus in-year	3,100	8,694	5,865	609
On-going savings in July report	(1,600)			
Reduced borrowing costs – capital programme reduction		(2,250)	(275)	(150)
Reduced borrowing costs – capital receipts. {details not yet identified}			(1,200)	(1,300)
Income reviews	(900)	(1,400)		
Contract renewals		(1,250)	(500)	
Other e.g., grants		(140)		
Potential total to date		(5,040)	(1,975)	(1,450)
Remaining target	**600**	**3,654**	**3,890**	**(841)**

9.2 Although the 2023-24 in year position is balanced, some of the savings are being delivered through one-off savings such as from the freeze on vacancies and discretionary spend. These therefore need to be replaced by ongoing savings in the 2024-25 budget.

9.3 The sum still required to be identified for 2024-25 is around £4.2m. However, this does not factor in the potential additional funding highlighted in section 8 which is likely to come in the form of either New Homes Bonus or Funding Guarantee. This could be in the order of £1.2 to £1.5m. This would still, however, leave a gap of around £3m to be identified.

9.4 Further work is ongoing to address this, exploring:

- Service delivery options

- Collaboration opportunities
- Policy changes – accounting and discretionary policies
- Full cost recovery / income generation / fees and charges
- Contract and procurement reviews
- Treasury Management
- Grants and subscriptions

9.5 Alongside this, the budget for 2024-25 is being built using a Zero-Based Budgeting approach. This will help to address come of the current issues where historic budgets have been rolled over. It is too early to say whether this will reduce or increase the remaining budget gap, but it will mean that budgets will be accurate going forwards and budget holders can then be held to account for their management of them.

9.6 A further workstream was also agreed as part of the Financial Recovery Plan, to look at the operation of the Finance Service. Significant progress has been made on many issues and the Council now has robust monthly monitoring in place, a budget book published, monitoring and review of debts and establishment control.

10. Consultations

10.1 The Joint Executive Advisory Board will scrutinise the budget proposals at its meeting on 8 January 2024. Any savings plans will need to be reviewed to ensure that the correct public / user consultations are undertaken prior to implementation.

11. Key Risks

11.1 With depleted reserves, the key risk for the Council in the current financial year is that if insufficient action was taken to ensure a balanced end of year position, then any overspend would have to be met from the remaining reserves. This would further worsen the financial resilience of the Council, making a s114 position more likely.

11.2 The projected budget gap over the MTFP period is £18.3m and plans need to be developed to address this so that a balanced and robust budget can be agreed in February 2024.

11.3 One off events such as planning appeals and judicial reviews are difficult to predict and therefore not provided for within the base budget.

11.4 Recovery of debts is becoming more difficult due to the current cost of living crisis. These therefore need to be dealt with in a timely manner.

11.5 The ongoing impact of inflation and interest rates is difficult to predict.

11.6 A full risk-based assessment of the financial risks will be presented in the February budget papers, within the Interim S151 Officer’s Section 25 report. This will also make a judgement on the adequacy of the Council’s reserves.

12. Financial Implications

12.1 All decisions made with regard to the Council’s budget will impact on the resources available for provision of the Council’s services.

12.2 Significant further work is still required to remove the budget gap for 2024-25 and beyond. This will continue with engagement both across the wider Council and with councillors.

13. Legal Implications

13.1 The Council’s legal duty to set a balanced budget is set out in section 31 Local Government Finance Act 1992, which provides that the Council must balance its expenditure with its revenue.

13.2 Section 114(3) Local Government Finance Act 1988 requires that: “The chief finance officer of a relevant authority shall make a report under this section if it appears to him that the expenditure of the authority incurred (including expenditure it proposes to incur) in a financial year is likely to exceed the resources (including sums borrowed) available to it to meet that expenditure.”

13.3 The Council must continue to act lawfully in making decisions on service delivery, regardless of any s114 report. There continues to be a requirement to conduct needs assessments, undertake consultation where appropriate, assess and have regard to equalities implications, and take into account all other relevant considerations to inform their decisions about service delivery.

14. Human Resource Implications

14.1 The Council has been required to reduce operational and service delivery costs immediately. The immediate measures set out in the September Financial Recovery Plan halted most recruitment, and this is being kept under review. This is therefore impacting workforce matters, including the recruitment of directly employed staff, as well as contingency workers, i.e., agency staff, interims, and consultants, although the risks of doing so will have to be considered before individual decisions are taken.

14.2 Arrangements are in place for the consideration of exceptional cases, for example where there are significant Health and Safety risks, or the risk of statutory requirements not being met.

14.3 The Council will ensure careful and consistent communications to staff and unions and has drafted a communications plan to deliver this.

15. Equality and Diversity Implications

15.1 There are no direct equality, diversity or inclusion implications resulting from this point. These issues will continue to be considered as further savings options are appraised in due course.

16. Climate Change/Sustainability Implications

16.1 None at this point but will be considered as options are appraised in due course.

17. Summary of Options

17.1 Further Options will be developed through the workstreams set out within the Financial Recovery Plan and brought forward to councillors for decision as appropriate.

18. Conclusion

18.1 The work on the Financial Recovery Plan removed the immediate threat of a Section 114 report in October.

18.2 Progress has been made on reducing the MTFP gap as set out within this paper, but significant work is still required to produce a balanced budget for consideration in February 2024.

19. Background Papers

General Fund Budget Update – Council 25 July 2023
Issue 1 – Financial Recovery Plan – Council 30 August 2023
Issue 2 – Financial Recovery Plan 27 September 2023

20. Appendices

Appendix 1: Proposed changes to the Approved and Provisional Capital Programme.

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APPROVED SCHEMES

Note- PROPOSED CHANGES TO CAPITAL EXPENDITURE PROFILE. INCOME SUCH AS GRANT FUNDING NOT SHOWN FOR SIMPLICIT

GENERAL FUND CAPITAL PROGRAMME - ESTIMATED EXPENDITURE 2023-24 to 2028-29

Code	Directorate/Service and Capital Scheme name		Current Budget 2023-24 £000	Proposed Change 2023-24	2024-25 Est for year £000	Proposed Change 2024-25	2025-26 Est for year £000	Proposed Change 2025-26	2026-27 Est for year £000	Proposed Change 2026-27	2027-28 Est for year £000	Proposed Change 2027-28	2028-29 Est for year £000
	APPROVED SCHEMES												
	COMMUNITY DIRECTORATE												
	General Fund Housing												
N51008	Disabled Facilities Grants	DFG Funded	605		605		-		-		-		
N51019	Better Care Fund		-		-		-		-		-		
N51020	Home Improvement Assistance		-		-		-		-		-		
N51021	Solar Energy Loans		-		-		-		-		-		
N51023	BCF TESH Project		-		-		-		-		-		
N51024	BCF Prevention grant		-		-		-		-		-		
N51030/32	SHIP		-		-		-		-		-		
	General Grants to HAs		100		100		-		-		-		
	Asset Management		-		-		-		-		-		
P72022	Methane gas monitoring system	Delayed	52	(52)	-	52	-		-		-		-
P74058	Energy efficiency compliance - Council owned properties	Delayed	143	(143)	-	143	-		-		-		-
P51053	Bridges -Inspections and remedial works		61		-		-		-		-		-
P74072	Tyting Farm Land-removal of barns and concrete hardstanding	Bat survey delay	57	(51)	-	51	-		-		-		
	COMMUNITY DIRECTORATE TOTAL		**1,018**	**-246**	**705**	**246**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
	ENVIRONMENT DIRECTORATE												
	Operational Services												
P66*	Flood resilience measures (use in conjunction with grant funded schemes)	Delayed	121	(121)	-	121	-		-		-		-
P58012	Vehicles, Plant & Equipment Replacement Programme	23-4 complete	136	(66)	2,150	66	-		-		-		-
P35022	Merrow lane grille & headwall construction	Planning delay	57	(57)	-	57	-		-		-		-
	Crown court CCTV		-		10		-		-		-		-
	Town Centre CCTV upgrade	Now s106 funded	-		250	(144)	-		-		-		-
	Parks and Leisure												
P18224	Redevelopment of Westborough and Park Barn play area		376		-		-		-		-		-
P04009	Stoke cemetry re-tarmac		45		-		-		-		-		-
P18215	Parks and Countryside - repairs and renewal of paths,roads and car parks		18		-		-		-		-		-
P18220	Shalford Common - regularising car parking/reduction of encroachments		10		75		-		-		-		-
P18226	Traveller encampments	Delayed	25	(22)	28	22	-		-		-		-
	Traveller transit site provision	Delayed - SCC	127	(127)	-	127	-		-		-		-
P18238	Stoke Park Paddling Pool		2		-								
P22067	Lido - Drainage Works		879		53		-						
P18418	SMP astro turf surface	Complete	8		3	(3)	4	(4)					
	ENVIRONMENT TOTAL DIRECTORATE		**1,804**	**(393)**	**2,569**	**246**	**4**	**(4)**	**-**	**-**	**-**	**-**	**-**
	FINANCE DIRECTORATE												
	Financial Services												
	Capital contingency fund		1,925		2,000		2,000		2,000		2,000		-
	RESOURCES DIRECTORATE TOTAL		**1,925**	**0**	**2,000**	**0**	**2,000**	**0**	**2,000**	**0**	**2,000**	**0**	**0**
	DEVELOPMENT/INCOME GENERATING/COST REDUCTION PROJECTS												
	Development / Infrastructure												
P74069/P74	Rodboro Buildings - electric theatre through road and	s.t. planning	377	(377)	-	377	-		-		-		-
P79027/P79	Walnut Bridge replacement		39		-		-		-		-		-
P79032	SMC(West) Phase 1 (complete)		-		-		-						

GENERAL FUND CAPITAL PROGRAMME - ESTIMATED EXPENDITURE 2023-24 to 2028-29

Code	Directorate/Service and Capital Scheme name		Current Budget 2023-24 £000	Proposed Change 2023-24	2024-25 Est for year £000	Proposed Change 2024-25	2025-26 Est for year £000	Proposed Change 2025-26	2026-27 Est for year £000	Proposed Change 2026-27	2027-28 Est for year £000	Proposed Change 2027-28	2028-29 Est for year £000
P79037/P79036	Ash Road Bridge	Gross expenditure	22,531		11,864		416		-		-		-
P79038	Ash Road Footbridge	Delayed	317	(317)	-	317	-		-		-		-
P79995	Broadband for Surrey Hills (B4SH)	Delayed	14	(13)	-	13							
	Guildford West (PB) station	Move to capital vision	-		250	(250)	250	(250)	-		-		-
	Development Financial												
P79996	Investment in North Downs Housing (60%)		-		-		-		-		-		-
P79997	Equity shares in Guildford Holdings ltd (40%)		-		-		-		-		-		-
P72037	Middleton Ind Est Redevelopment		1,972		75		-		-		-		
P72045	Property acquisitions	Prudential code	2,022		7,869	(6,869)	13,954	(13,954)	-		-		-
P05009	Rebuild Crematorium(complete)		252		-		-		-		-		-
P79023/P79024	North Street Development / Guild Town Centre regeneration		141		-		-		-		-		-
P79039	Shaping Guildford Future (SGF)	Revenue cost for	-		4,170	(4,170)							
P79026	Internal Estate Road - CLLR Phase 1		193		-		-		-		-		-
P74039 /	WUV (Weyside Urban Village)		86,935		23,517		-				-		-
P79100/P18227	WUV - Allotment relocation		-		-								
P79101	WUV - Int roads, Site clearance		-										
P79102	WUV - New GBC Depot		56		-								
P79103	WUV - Off Site Highways		1		-								
P79104	WUV - Thames Water relocation		-										
P79105	WUV -Utilities & Plot services		-		-								
P79106	WUV - Land Purchase		-										
P79110	WUV - SANG		-		-								
P79111	WUV - Common Land		-		-								
	DEVELOPMENT/INCOME GENERATING/COST REDUCTION PROJECTS TOT		**114,850**	**-707**	**47,745**	**-10,582**	**14,620**	**-14,204**	**0**	**0**	**0**	**0**	**0**
	APPROVED SCHEMES TOTAL		**119,597**	**-1,346**	**53,019**	**-10,090**	**16,624**	**-14,208**	**2,000**	**0**	**2,000**	**0**	**0**

PROVISIONAL SCHEMES

Code	Directorate / Service Units Capital Schemes	Revised estimate £000	Current Budget 2023-24 £000	Proposed Change 2023-24 £000	2024-25 Est for year £000	Proposed Change 2024-25	2025-26 Est for year £000	Proposed Change 2025-26	2026-27 Est for year £000	Proposed Change 2026-27	2027-28 Est for year £000	Proposed Change 2027-28	2028-29 Est for year £000
	PROVISIONAL SCHEMES (schemes approved in principle; further report to the Executive required)												
	COMMUNITY DIRECTORATE												
	Asset Management												
	Methane gas monitoring system		-	-	150		-		-				-
	Energy efficiency compliance - Council owned properties & Energy & CO2 reduction in Council non HRA properties	Delayed	-	-	2,718	(2,718)	500	2,218	-	500			-
	Bridges	Delayed	370	(370)	-	370	-		-				-
	Westfield/Moorfield rd resurfacing	Brought forwards	-	-	-	3,152	3,152	(3,152)	-		-		-
	Investment Property void pot		100	-	100		100		100		100		-
	Office Services		-	-									
	Millmead House - M&E plant renewal	Complete	33	(33)	-		-		-				-

GENERAL FUND CAPITAL PROGRAMME - ESTIMATED EXPENDITURE 2023-24 to 2028-29

Code	Directorate/Service and Capital Scheme name		Current Budget 2023-24 £000	Proposed Change 2023-24	2024-25 Est for year £000	Proposed Change 2024-25	2025-26 Est for year £000	Proposed Change 2025-26	2026-27 Est for year £000	Proposed Change 2026-27	2027-28 Est for year £000	Proposed Change 2027-28	2028-29 Est for year £000
	COMMUNITY DIRECTORATE TOTAL		**503**	**(403)**	**2,968**	**804**	**3,752**	**(934)**	**100**	**500**	**100**	**-**	**-**
	ENVIRONMENT DIRECTORATE												
	Operational Services												
	Vehicles, Plant & Equipment Replacement Programme	Inflation	-	-	-		2,910	175	2,470	296	4,070	733	5,330
	Extra for EV Waste Vehicles	Delay until new Depot			1,010	(1,010)	1,080	(1,080)	-		2,380		
	Surface water management plan	Delayed	200	(200)	-	200	-		-		-		-
	Millmead House Lifts	Not required	200	(200)	-								
	GBC Depot - operational		200	-	2,200		30		-				
	Parks and Leisure		-	-									
	Refurbishment / rebuild Sutherland Memorial Park	Not required	-	-	150	(150)	-		-				-
	Stoke Pk gardens water feature refurb	Not required	40	(40)	-		-		-		-		-
P18215	Parks and Countryside - repairs and renewal of paths,roads and car parks		250		250		250		250		382		-
	Millmead fish pass	Delayed	60	(60)	-	60	-		-		-		-
	Chilworth Gunpowder Mills		20	-	160		-						
	Memorial Wall		-	-	-		100		-				
	Stoke cemetry re-tarmac		18	-	-								
	Lido Road Allotment Security Fencing		70	-	-								
	2015 Play strategy action plan	Not required	200	(200)	-								
	Spectrum upgrades		1,250	-	1,750		2,300		1,150		650		-
	Derby Road playground conversion		120	-	-								
	ENVIRONMENT DIRECTORATE TOTAL		**2,628**	**(700)**	**5,520**	**(900)**	**6,670**	**(905)**	**3,870**	**296**	**7,482**	**733**	**5,330**
	DEVELOPMENT/INCOME GENERATING/COST REDUCTION PROJECTS												
	Development / Infrastructure												
P79996	Investment in North Downs Housing		-	-	-		-		-		18,057	(18,057)	-
P79997	Equity shares in Guildford Holdings ltd		-	-	-		-		-		12,043	(12,043)	-
	Sustainable Movement Corrider	Not required	-	-	150	(150)	-		-				-
	Guildford West (PB) station	Moved to capital vision	-	-	-		1,000	(1,000)	-				-
	Development Financial												
	WUV (Weyside Urban Village)		-	-	84,104		39,368		21,060		-		-
	North Street development		50	-	50		50		50		50		50
	Property acquisitions	Prudential code change	-	-	-		13,000	(13,000)	13,000	(13,000)	12,292	(12,292)	-
	ENT/INCOME GENERATING/COST REDUCTION PROJECTS TOTAL		**50**	**-**	**84,304**	**(150)**	**53,418**	**(14,000)**	**34,110**	**(13,000)**	**42,442**	**(42,392)**	**50**
	PROVISIONAL SCHEMES - GRAND TOTALS		**3,181**	**(1,103)**	**92,792**	**(246)**	**63,840**	**(15,839)**	**38,080**	**(12,204)**	**50,024**	**(41,659)**	**5,380**
	ALL SCHEMES - GRAND TOTALS		**122,778**	**-2,449**	**145,811**	**-10,336**	**80,464**	**-30,047**	**40,080**	**-12,204**	**52,024**	**-41,659**	**5,380**

TOTAL REDUCTION IN PROGRAMME **-96,695**

Agenda item number: 9
Appendix 1

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Guildford Borough Council

Report to: Executive

Date: 23 November 2023

Ward(s) affected: All

Report of Director: Transformation & Governance

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Report Status: Open

Capital and Investment outturn report 2022/23

1. Executive Summary

1.1 This outturn report includes capital expenditure, non-treasury investments and treasury management performance for 2022/23 financial year.

Capital programme

1.2 In total, expenditure on the General Fund capital programme was £35.4 million against the original budget of £158 million, and a revised[1] budget of £169 million. Details of the revised estimate and

[1] Revised budget being the budget approved at Council in February plus any unspent amounts brought forward from previous financial year and supplementary estimates.

actual expenditure in the year for each scheme is included at Appendix 3.

1.3 The budget for Minimum Revenue Provision (MRP) was £1.5 million and the outturn was £1.38 million. This was due to slippage in the programme in 2021/22.

1.4 Officers have reviewed the programme and have determined that there are schemes that are no longer required, that no longer meet the original business case or have been removed pending a new business case in light of the Council's ongoing budget deficit. These schemes are detailed in the Financial Recovery Plan within the capital programme workstream. Removing these schemes will reduce the Council's underlying need to borrow for capital purposes and will generate a saving to the revenue account in respect of MRP and interest.

Non-treasury investments

1.5 The Council's investment property portfolio stood at £178 million at the end of the year. Our rental income was £9.5 million, and our income return 5.7% against the benchmark of 4.7%.

Treasury management

1.6 The Council's cash balances have built up over several years and reflect our strong balance sheet with considerable revenue and capital reserves in the HRA. Officers carry out the treasury function within the parameters set by the Council each year in the capital and investment strategy. On 31 March 2023, the Council held £98 million in investments, £295 million in borrowing, of which £147 million is HRA, £32 million relates to the Weyside Urban Village project (WUV), and £115 million of short term borrowing, so net debt of £197 million.

1.7 We borrowed short-term from other local authorities for cash flow purposes in the year and took out a loan for WUV under the infrastructure rate. We capitalise borrowing interest to capital schemes using the pooled interest rate of the Council, so whether we are borrowing short or long term the borrowing associated with the capital programme expenditure is capitalised against the project and not charged to the GF as interest payable.

1.8 The report (section 8) confirms that the Council complied with its prudential indicators, treasury management policy (TMP) statement and treasury management practices for 2022/23. The policy statement is included and approved annually as part of the Capital and investment Strategy and the TMPs are approved under delegated authority.

1.9 Treasury management performance compared to estimate for the year is summarised in the table below. The report highlights the factors affecting this performance throughout the report and in Appendix 1.

	Estimate %	**Actual %**	**Estimate (£000)**	**Actual (£000)**
General fund Capital Financing Requirement (CFR)			245,861	175,204
Housing Revenue Account CFR			217,024	199,204
Total CFR			**462,885**	**374,408**
Return on investments	1.69	1.62	1,278	1,900
Interest paid on external debt			5,987	5,471
Total net interest paid			**4,709**	**3,571**

1.10 There was slippage in the capital programme which resulted in a lower CFR than estimated (more information in Appendix 1, section 3). Interest paid on debt was lower than budget due to less long-term borrowing taken out on the GF due to slippage in the capital programme.

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

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

1.13 This report will also be considered by the Corporate Governance & Standards Committee at its meeting on 16 November. The Committee's comments/recommendations will be included on the Supplementary Information Sheet for consideration by the Executive.

2. Recommendation to Executive:

The Executive is asked to recommend to Council (5 December 2023):

2.1. That the capital and investment outturn report be noted.

2.2. That the actual prudential indicators reported for 2022/23, as detailed in Appendix 1 to this report, be approved.

3. Reasons for Recommendation:

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

3.2. As per the treasury management code although the scrutiny of treasury management (and indeed all finance) has been delegated to the Corporate Governance & Standards Committee, ultimate responsibility remains with full Council, this report therefore fulfils that need.

4. Exemption from publication

No

5. Purpose of Report

5.1. The Local Government Act 2003 states that the Council has a legal obligation to have regard to both the CIPFA code of practice on treasury management and the, then, Ministry of Housing, Communities, and Local Government (MHCLG) investment guidance.

5.2. The CIPFA treasury management code of practice, and the MHCLG investment guidance requires public sector authorities to produce an annual capital strategy (incorporating capital expenditure, non-treasury investments and treasury management activity).

5.3. This report covers the outturn of the elements of the strategy and the requirement to report on the prudential and treasury indicators for the year. The position of the Council's investment property portfolio is also presented along with progress on the capital programme.

5.4. The Council borrows and invests substantial sums of money and is, therefore, exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. This report covers treasury activity and the associated monitoring and control of risks. The Council holds a substantial amount of investment property and has a large capital programme, all of which have risk.

5.5. Treasury management is a highly complex, technical, and regulated aspect of local government finance. We have included a glossary of technical terms (**Appendix 10**), to aid the reading of this report.

6. Strategic Priorities

6.1. Treasury management and capital expenditure are key functions in enabling the Council to achieve financial excellence and value for money. It underpins the achievement of all the Corporate Plan 2018-2023 themes.

6.2. This report details the activities of the treasury management function and the effects of the decisions taken in the year in relation to the best use of its resources. It also presents the outturn position for the year of the capital programme, and the performance on non-treasury investments.

7. Background

7.1. Treasury management and the capital programme are intrinsically linked – the capital programme impacts whether the Council has investments or borrowing, which then informs the revenue budget. Providing the information to councillors in a joint report ensures the context of the two areas to be considered alongside each other.

7.2. Treasury management is defined by CIPFA as

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

7.3. The Council has overall responsibility for treasury management. Treasury management contains several risks. The effective identification and management of those risks are integral to the Council’s treasury management objectives, as is ensuring that borrowing activity is prudent, affordable, and sustainable.

7.4. The Council has a statutory requirement, under the Local Government Act 2003, to adopt the CIPFA Prudential Code and produce prudential indicators.

7.5. The objectives of the prudential code are to ensure, within a clear framework, that capital investment plans are affordable, prudent, and sustainable, and the treasury management decisions are taken in accordance with good professional practice.

7.6. The Council has a large capital programme and a large investment property portfolio on its balance sheet. These, together with treasury management, are the management of the Council's cash and assets.

7.7. The Council operates its treasury management function in compliance with this Code and the statutory requirements.

7.8. This annual report, and the appendices attached to it, set out:

- A summary of the economic factors affecting the approved strategy and counterparty updates (sections 4 and 5 with details in Appendix 5)
- a summary of the approved strategy for 2022/23 (para 7.11 - 7.15)
- a summary of the treasury management activity for 2022/23 (para 7.16 - 7.30 with detail in Appendix 1)
- non-treasury investments (para 7.40 – 7.43)
- capital programme (para 7.44 – 7.46)
- compliance with the treasury and prudential indicators (para 7.47 – 7.51 with detail in Appendix 1)
- risks and performance (para 7.52 – 7.62)
- Minimum Revenue Provision (MRP) (para 7.63 – 7.66)
- details of external service providers (para 7.67 – 7.68)
- details of training (para 7.69 – 7.74)

Economic Environment

7.9. This section includes the key points of the economic environment for 2022/23, to show the treasury management activity in context. Appendix 5 contains more detail.

- The war in Ukraine continued to keep global inflation above central bank targets and the UK economic outlook remained relatively weak with the chance of a mild recession.
- Energy and commodity prices remained high along with high inflation impacted on the cost of living.
- Central Banks increased interest rates to try and tackle the high inflation despite potential economic slowdowns.
- The Bank of England increased rates to 4.25% during the financial year, from 0.75% in March 2022.
- There was uncertainty in the financial markets and bond yields were volatile due to concerns over elevated inflation and higher interest rates, as well as a potential recession.
- Over the year, 5-year benchmark yield rose from 1.41% to 3.36% at the end of the year, 10-year 1.61% to 3.49% and 20 year from 1.82% to 3.82%. All three peaked at over 4.5% in September.
- The collapse of US bank Silicon Valley Bank in March increased the uncertainty in the markets.
- Arlingclose reduced its recommended maximum duration limit for unsecured investments to 35 days as a precautionary measure.

7.10. The key points relevant to investment property in the local area are:

- The office market has been subdued, with the exception of the gaming sector.
- The retail market has also been subdued, with little sign of rental values showing a sustained recovery and take up of space as there is a move to more of an online presence.

- A continued strong investment demand for industrial units drove yields down along with an increase in online sales resulting in a surge in demand from E-Commerce and third party logistics firms.

- Guildford's growing reputation as a UK gaming cluster, momentum picked up in the office market in the town centre. Out of town did not fare so well, but schemes are coming forward in the next few years which will boost town centre supply.

- Whilst the cost-of-living crisis has dominated the headlines, this has not been reflected in retail sales, and several new brands have arrived in Guildford, mainly in food and beverage operators. There are still a number of empty shops, although landlords are taking a 10-year approach when renting which shows continued confidence in the local market.

Approved strategy and budgets for 2022/23 - a summary

7.11. Council approved the 2022/23 Capital and Investment Strategy in February 2022.

7.12. The strategy showed an underlying need to borrow in 2022/23 for the General Fund (GF) capital programme of £90.3 million.

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

7.14. It also highlighted the need to continue to diversify our investment portfolio to reduce credit risk. The approved strategy set the minimum long-term credit rating of A- (or equivalent) for investments in counterparties to be determined as 'high credit' using the lowest denominator principal for the three main credit rating agencies.

7.15. Investment property risks were examined in the strategy.

Treasury management activity in 2022/23

7.16. The treasury position of 31 March 2023, compared to the previous year is:

		31 March 2022 (£'000)	Average Rate	31 March 2023 (£'000)	Average Rate
Fixed Rate Debt	PWLB	170,235	3.22%	179,599	3.22%
Temporary borrowing	LAs	138,500	0.17%	115,000	0.51%
Total Debt		**308,735**	**1.73%**	**294,599**	**2.51%**
Fixed Investments		(99,400)	0.41%	(75,403)	0.97%
Variable Investments		(42,150)	0.28%	(7,029)	1.93%
Externally managed		(15,079)	3.94%	(15,434)	4.58%
Total Investments		**(156,629)**	**1.05%**	**(97,867)**	**1.62%**
Net Debt / (Investments)		**152,106**		**196,732**	

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

7.18. The above table shows that net debt has increased overall, which is due to more investments matured than the increase in borrowing.

7.19. We have reduced short-term borrowing in favour of longer term borrowing for WUV.

7.20. We took out another £10 million from the PWLB Infrastructure loan for WUV. The interest on these loans will be capitalised to the scheme so that the borrowing can be repaid from capital receipts generated on the sale of land as part of the scheme. We have taken out a total of £32.8 million of the £100 million infrastructure rate facility.

7.21. We budgeted an investment return of 1.69% for the year and achieved 1.62%.

7.22. The Council's budgeted investment income was £1.278 million, and actual interest was £1.878 million (£600,000 higher). This is mostly due to having more cash due to the slippage in the capital programme.

7.23. Our budgeted debt interest payable was £5.987 million. £5.052 million relates to the HRA. The outturn was £5.471 million (£4.799 million for the HRA, and £448,000 WUV which was capitalised).

7.24. All our external funds are distributing funds, and they achieved an overall weighted average return of 4.27%, split as follows:

Fund	**Balance at 31 March £000**	**Average return**	**Type of fund**
Aegon	2,406,382	2.43%	Equity focussed
Schroders	732,590	6.08%	Equity focussed with at least 80% on FTSE all share companies
UBS	1,767,992	5.49%	Investments in SMEs up to a max of £2,000
Funding Circle	96,005	5.17%	Multi asset
RLAM	2,132,764	4.92%	Global bond fund
Fundamentum	1,880,000	4.93%	Supported housing
CCLA	6,418,609	4.58%	Property

7.25. Our external fund portfolio is diverse, and we invest in a range of products and markets. The capital value of the funds can go up as well as down. Across all funds still held at the end of the year, there was a capital loss of £2.03 million, the biggest movement was on the CCLA fund with a loss of £1.25 million.

7.26. We are invested in bond, equity, multi-asset, and property funds. We invest what we call our "core cash" in these funds. Core cash is our cash backed reserves that we know we will not need for liquidity purposes, and we can therefore afford to keep the investment duration longer in a more volatile market to achieve good income returns.

7.27. Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Authority's medium to long-term investment objectives are regularly reviewed. Strategic fund investments are made in the knowledge that capital values will move both up and down on months, quarters and even years; but with the confidence that over a three to five-year period total returns will exceed cash interest rates.

7.28. The Council also invested more in our subsidiaries and now holds £10.12 million of equity investment in Guildford Borough Council Holdings Ltd and £15.1 million of loans in North Downs Housing Ltd. We are now at the maximum approved level in the company. It has been operating for 5-years and is undergoing a review to ascertain how it has performed over that time frame against its aims, objectives and business plan.

7.29. The Council charges 5.5% on the loan to North Downs Housing Ltd. Up until September 2022 interest was rolled up into the loan and is payable from that date. Income has been accrued in the Council's accounts with a provision set up for non-payment as a prudent measure.

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

Capital Programme

7.31. The actual underlying need to borrow for the year, and the amount of internal borrowing actually taken, for the GF capital programme was £140 million, which is lower than budgeted of £150 million because of slippage in the capital programme, and also unbudgeted for capital contributions received. We will continue to support service managers with the scheduling of schemes in the capital programme to ensure it is kept up to date when project timescales change.

7.32. The Council must charge a Minimum Revenue Provision (MRP) on its internal borrowing, which is setting aside cash from council tax to repay the internal borrowing. MRP charged to the revenue account for the year was £1.53 million, against an original budget of £1.52 million.

7.33. Our overall underlying need to borrow, as measured by the Capital Financing Requirement (CFR) was £381 million (£182 million relates to the GF).

7.34. MRP is charged the year after the internal borrowing occurred. During the budget process we adjust the MRP to allow for slippage so as not to over budget.

Benchmarking and Performance Indicators

7.35. Arlingclose provide benchmarking data across their clients ("client universe"). It highlights the effect of changes in our investment portfolio and compares the basis of size of investment, length of investment and the amount of credit risk taken.

7.36. The benchmarking shows a snapshot of our average running yield on all investments, also split between internally managed and externally managed. The latest benchmarking data (at 31 March 2023), shows our average rate of investments for our total portfolio as being 2.60% against the client universe of 3.66%. The table shows that we have underperformed our investments compared to the client universe which is due to us having lower investments in the year than previously.

Benchmark	Guildford	Client Universe
Internally managed return	2.33%	3.67%
Externally managed (return only)	4.19%	3.93%
Total Portfolio	2.60%	3.66%
% of investments subject to bail in	21%	59%
No. of counterparties/funds	30	12

7.37. The difference in our return as part of the benchmarking (2.60%) and our own return (1.62%) is due to a different calculation in the way Arlingclose put the benchmarking return together.

7.38. The table above shows how far the Council has come to mitigate bail in risk – closing the year at 21% of investments subject to bail in. This percentage will change during the course of the year depending on the level of cash we have and what we are invested in.

7.39. One of our key areas in our treasury strategy is to maintain diversification in the portfolio. The number of counterparties and funds we are investing in are far higher than the client universe and shows that we have achieved our aim. This level of diversification will change at different points in the year, however.

Non-treasury investments

7.40. Appendix 2 sets out the Council investment property fund portfolio report for 2022/23. The key points are summarised below:

Sector	No. of assets	Sub-category	No. of assets
Office	6		
Industrial	68		
Retail	9	Shops Shopping centres	7 2
Alternatives	17	Nightclub/pub Petrol station Car Park Education/Community Barn Restaurant Water treatment works Theatre	3 1 4 3 2 2 1 1
TOTAL	**100**		

7.41. Fund statistics: the fund was valued at circa £178 million with a rent roll of £9.1 million from 100 properties across 4 sectors, representing a total return of 5.7% gross yield.

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

7.43. In response to the PWLB's new rules during 2020/21, which have been reaffirmed in the CIPFA codes of practice, we have amalgamated the asset investment fund into the strategic acquisition fund and will be assessing all potential acquisitions against the strategic property acquisition procedure approved by the Executive in January 2021. We are only looking to invest in the Borough as per our policy and only for strategic or regeneration purposes.

General Fund Capital Programme

7.44. Appendix 3 sets out the actual expenditure on capital schemes, compared to the updated estimates, together with reasons for variances. Overall, we spent £122.1 million (78%) less on capital schemes than we originally estimated and £134.3 million (79%) less than the revised estimate, the schemes with more than £1 million variance to budget relate to:

- WUV – spend in 2023/24
- Ash Road Bridge – spend in 2023/24
- Midleton Industrial Estate – spend in 2023/24
- Property acquisitions – reprofiled into the future
- Shaping Guildford's Future – reprofiled into the future
- Vehicle replacement programme – spend in 2023/24
- Investment into North Downs Housing, both loan and equity – reprofiled into the future
- Guildford West station – reprofiled into the future

7.45. There are significant variations on other approved schemes under £1 million, as detailed in the appendix.

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

	Original estimate (£m)	**Revised estimate (£m)**	**Actual (£m)**	**Variance to revised (£m)**
GF approved programme	111.9	122.9	34	88.9
GF provisional programme	44.5	43.7	0	43.7
GF Schemes financed from reserves	1.6	2.7	1.1	1.6
Total	**158**	**169.3**	**35.1**	**134.2**

Compliance with treasury and prudential indicators

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

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

- Capital expenditure plans are affordable,
- All external borrowing and other long-term liabilities are within prudent and sustainable limits,
- Treasury management decisions are taken in accordance with professional good practice and
- In taking the above decisions, the Council is accountable by providing a clear transparent framework.

7.49. The Prudential Code requires the Council to set a number of prudential indicators for the following and two subsequent financial years, and to monitor against the approved indicators during the year. We can revise these indicators during the year but need full Council approval.

7.50. Officers can confirm that the Council has complied with its prudential indicators for 2022/23, (see Appendix 1 for the outturn figures), its treasury management policy statement and its treasury management practices.

7.51. We have adhered to the approved treasury management strategy by:

- Financing of capital expenditure from government grants, usable capital resources, revenue contributions and cash flow balances rather than from external borrowing

- Taking a prudent approach in relation to the investment activity in the year, with priority given to security and liquidity over yield
- Maintaining adequate diversification between counterparties
- Forecasting and managing cash flow to preserve the necessary degree of liquidity.

Risks and performance

7.52. The Council considers security, liquidity, and yield, in that order, when making investment decisions.

7.53. The Council has complied with all the relevant statutory and regulatory requirements, which limit the level of risk associated with its treasury management activities. In particular, its adoption and implementation of both the prudential code and treasury management code of practice means our capital expenditure is prudent, affordable and sustainable, and our treasury practices demonstrate a low-risk approach.

7.54. Short-term interest rates and likely movements in these rates, along with our projected cash balances, determine our anticipated investment return. These returns can be volatile and whilst, loss of principal is minimised through the annual investment strategy, accurately forecasting future returns can be difficult.

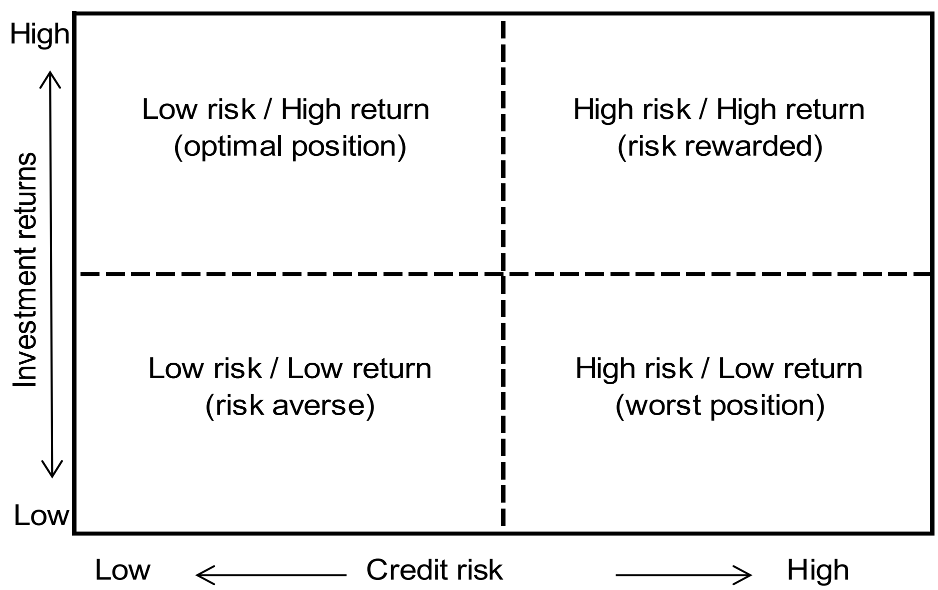
7.55. Under accounting rules, if the Council were to lose any of its investments, the GF will carry the loss, even if the cash lost is HRA cash. Interest is given to the HRA as per the Item 8 calculation as a set calculation for councils.

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

Credit developments and credit risk management during the year

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

7.58. This is a graphical representation used in the Arlingclose benchmarking:



7.59. Typically, we should aim to be in the top left corner of the chart where we get a higher return for lower risk. In the actual benchmarking, for average rate versus credit risk (value weighted) we were above the average of all clients and were in the top left box towards the middle vertical line. For time weighted we are well within the top left box (see Appendix 6 for the two charts).

7.60. We set our definition of high credit quality as a minimum long-term credit rating of A-, which attracts a score of 7. The lower the score, the higher the credit quality of the investment portfolio.

7.61. The table below shows that at each quarter date, the weighted average score of our investment portfolio, on a value weighted and a time weighted basis is well within our definition of high credit quality, ending the year at 4.88 (A+) and 3.07 (AA).

Date	Value Weighted Avg Credit Risk Score	Value Weighted Avg Credit Rating	Time Weighted Avg Credit Risk Score	Time Weighted Avg Credit Rating	Average Life (days)
31-03-22	4.39	AA-	4.36	AA-	214
30-06-22	4.68	A+	4.97	A+	237
30-09-22	4.59	A+	3.93	AA-	265
31-12-22	4.67	A+	3.47	AA	223
31-03-23	4.88	A+	3.07	AA	192

7.62. We have maintained security throughout the year within the portfolio on a value weighted basis and are slightly riskier than the client universe of 4.71/A+. We are less risky on a time weighted basis than the client universe of 4.56/A+ and have significantly reduced our risk over the year in our portfolio. We do have a much longer duration (ours is 192 days compared to the universe of 12 days) and this is due to us having a large portion of investments of covered bonds in the portfolio, which can be sold on the secondary market if required. The longer duration is with AAA rated covered bonds, so this has enhanced the security of the portfolio.

Minimum Revenue Provision (MRP)

7.63. The Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2003 (SI 2003 No 414) place a duty on local authorities to make a prudent provision for debt redemption. Making an MRP reduces the Capital Financing Requirement (CFR) and leaves cash available to replenish reserves used for internal borrowing or making external debt repayments. There are three options for applying MRP available to us:

- Asset life method
- Depreciation method
- Any other prudent method

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

7.65. The latest MRP policy was approved by Council in February 2022, and stated that:

- The Council will use the asset life method as its main method, but will use annuity for investment property,
- In relation to expenditure on development, we may use the annuity method starting in the year after the asset becomes operational,
- Where we acquire assets ahead of a development scheme, we will charge MRP based on the income flow of the asset or as service benefit is obtained, and will not charge MRP during construction, refurbishment or redevelopment,
- We will apply a life of 50 years for the purchase of land and schemes which are on land (for example transport schemes)
- Where loans are made to other bodies for their capital expenditure, no MRP will be charged, where the other body is making principal repayments of that loan as well as interest. However, the capital receipts generated by the loan principal repayments on those loans will be put aside to reduce the CFR,
- For investments in shares classed as capital expenditure, we will apply a life related to the underlying asset in which the share capital has been invested,

7.66. The unfinanced capital expenditure in 2022/23 of £26 million related to Weyside Urban Village project, loan/equity to North Downs Housing Ltd, Midleton, Walnut Bridge, and transport schemes MRP will be chargeable to the revenue account the later of the next financial year or when the asset goes into use.

External service providers

7.67. The Council reappointed Arlingclose as our treasury management advisers in March 2022 ending on 31 March 2027. The Council is clear what services it expects and what services Arlingclose will provide under the contract.

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

Training

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

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

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

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

7.73. Officer training is undertaken on a regular basis, by attending workshops held by Arlingclose, and seminars or conferences held by other bodies, such as CIPFA. On the job training and knowledge sharing are undertaken when required. Those involved in treasury management are either a fully qualified accountant, or AAT qualified. The Lead Specialist for Finance, and Deputy s151 officer holds the 'Certificate in International Treasury Management for Public Finance' qualification, which is a joint qualification between the ACT (Association of Corporate Treasurers) and CIPFA.

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

8. Consultations

8.1. Officers have consulted with the Lead Councillor for Finance and Property.

Comments from Corporate Governance and Standards Committee

8.2. Comments arising from the meeting of the Committee on 16 November 2023 will be set out in the Supplementary Information Sheet for the Executive.

9. Key Risks

9.1. This is a backward-looking report, and the mitigation of risks has been highlighted throughout the report.

10. Financial Implications

10.1. The detailed financial implications are summarised above and in Appendix 1

11. Legal Implications

11.1. A variety of professional codes, statutes and guidance regulate the Council's treasury management activities. These are:

- The Local Government Act 2003 ("the Act") provides the powers to borrow and invest. It also imposes controls and limits on these activities.
- The Act permits the Secretary of State to set limits on either the Council or nationally on all local authorities restricting the amount of borrowing which may be undertaken. There are no current restrictions.
- The Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 - Statutory instrument 3146 (2003) ("The SI"), as amended, develops the controls and powers within the Act.
- The SI requires the Council to undertake any borrowing with regard to the prudential code. The prudential code requires indicators to be set – some of which are limits – for a minimum of three forthcoming years.
- The SI also requires the council to operate the treasury management function with regard to the CIPFA treasury management code of practice.
- Under the terms of the Act, the Government issued "investment guidance" to structure and regulate the Council's investment activities. The emphasis of the guidance is on the security and liquidity of investments.

12. Human Resource Implications

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

13. Equality and Diversity Implications

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

14. Climate Change/Sustainability Implications

14.1. There are no direct implications.

15. Summary of Options

15.1. We could have invested in lower credit quality investments, but this would have increased our risk exposure.

15.2. We could have borrowed longer-term for our capital programme but would have suffered a cost of carry due to the slippage in the programme.

16. Conclusion

16.1. The Council has complied with the objectives of the CIPFA treasury management code of practice by maintaining the security and liquidity of its investment portfolio.

16.2. We maintained the security of our investment portfolio and did not borrow long-term in advance of need.

16.3. We have also complied with the requirements of the prudential code by setting, monitoring and staying within the prudential indicators set, except the variable limit on net investments due to higher investment balances than when the indicator was set.

17. Background Papers

- CIPFA Treasury Management in the Public Services – Code of Practice and Cross Sectoral Guidance Notes (2021 edition)

- CIPFA Treasury Management in the Public Services – Guidance Notes for Local Authorities including Police Authorities and Fire Authorities (2021 edition)
- CIPFA the Prudential Code for Capital Finance in Local Authorities (2021 edition)
- CIPFA the Prudential Code for Capital Finance in Local Authorities – Guidance Notes for Practitioners (2021 edition)
- Capital and Investment Strategy 2022/23

18. Appendices

Appendix 1: Treasury management activity, treasury and prudential indicators 2022/23

Appendix 2: Investment property fund portfolio report 2022/23

Appendix 3: capital programme at 31 March 2023

Appendix 4: schedule of investments at 31 March 2023

Appendix 5: economic background – a commentary from Arlingclose

Appendix 6: benchmarking graphs

Appendix 7: credit score analysis

Appendix 8: credit rating equivalents and definitions

Appendix 9: background to externally managed funds

Appendix 10: glossary

Treasury Management activity and treasury and prudential indicators 2022/23

1. Introduction

1.1 The treasury management service is an important part of the overall financial management of the council. Whilst the prudential indicators consider the affordability and impact of capital expenditure decisions, the treasury service covers the effective funding of these decisions.

1.2 Strict regulations, such as statutory requirements and the CIPFA treasury management code of practice (the TM Code) govern the council's treasury activities, and the Prudential Code and MHCLG Investment Guidance non-treasury investments.

1.3 The Council holds a substantial amount of Investment property (non-treasury investment) and has a large capital programme which directly impacts on the treasury management decisions the Council may make.

2. Treasury management activity

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

Investments

2.2 The then Ministry of Housing, Communities and Local Government (MHCLG) Investment Guidance requires local authorities to focus on security and liquidity rather than yield.

2.3 CIPFA published a revised Treasury Management in the Public Services Code of Practice and Cross-Sectoral Guidance Notes on 20 December 2021. These define treasury management investments as:

"*investments that arise from the organisation's cash flows or treasury risk management activity that ultimately represents balances that need to be invested until the cash is required for use in the course of business*".

2.4 Both the CIPFA Code and government guidance requires local authorities to invest funds prudently, and to have regard to the security and liquidity of investments before seeking the highest rate of return, or yield. The main objective, therefore, when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.

2.5 The Bank of England increased the official bank rate to 4.25% during the financial year, starting at 0.75% in March 2022. Inflation remained stubbornly high throughout the period. There was a lot of uncertainty in the financial markets, and Arlingclose reduced the recommended investment duration to 35 days for unsecured bank investments as a precautionary measure. Local authorities remain under financial pressure but Arlingclose continue to take a positive view of the sector. Higher returns on cash investments have made a positive addition to the General Fund.

2.6 Security of capital remains our main objective when placing investments. We maintained this during the year by following our investment policy, as approved in our treasury management strategy 2022/23, which defined "high credit quality" counterparties as those having a long-term credit rating of A- or higher.

2.7 Investments during the year included:

- investments in AAA rated constant net asset money market funds
- call accounts and deposits with banks and building societies systemically important to each country's banking system. We do have some investments with overseas banks, but in sterling
- other local authorities
- corporate bonds
- covered bonds

- pooled funds without a credit rating, but only those subject to an external assessment

2.8 We divided our investments into three types

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

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

2.10 The table below shows our investment portfolio, at 31 March 2023, compared to 31 March 2022. **Appendix 4** contains a detail schedule of investments outstanding at the end of the year.

Investment details	**Balance at 31-03-22 £m**	**Weighted Avg Return for Year**	**Balance at 31-03-23 £m**	**Weighted Avg Return for Year**
Internally Managed Investments				
Fixed Investments < 1 year to cover cash flow	41.00	0.46%	60.20	0.70%
Corporate bonds	4.00	0.14%	5.16	1.54%
Long term bonds	15.00	0.29%	10.05	2.53%
Notice Accounts	3.00	0.40%	3.13	2.27%
Call Accounts	2.25	0.01%	0.00	0.25%
Money Market Funds	31.90	0.07%	3.90	2.01%
Long term investments > 1 year	39.40	0.40%	0.00	0.70%
Externally Managed Funds				
Funding circle	0.21	10.90%	0.10	5.17%
Cash plus	5.00	0.00%	0.00	0.00%
CCLA	7.67	4.41%	6.42	4.58%
Fundamentum	2.07	1.65%	1.88	4.93%
RLAM	2.25	4.79%	2.13	4.92%
M&G	0.00	3.25%	0.00	0.00%
Aegon	0.00	0.00%	2.41	2.43%
Schroders	0.77	7.31%	0.73	6.08%
UBS	2.11	4.71%	1.77	5.49%
Total Investments	**156.63**	**0.65%**	**97.87**	**1.62%**

2.11 Our level of investments decreased during 2022/23, and we achieved a higher return than last year. Interest rates have increased to help alleviate the impact of Inflation in the Economy. The portfolio will have lower rates until fixed investments mature and can be reinvested at the higher rates. FRN Bonds in the main have a quarterly reset date and will increase sooner than fixed term deposits with a maturity date, and other variable rate investments increase with base rate increases.

2.12 The Councils also holds £9.1 million equity investments in Guildford Holdings Ltd and invested £19 million in North Downs Housing Ltd.

2.13 We are earning an interest return of 5.5% on the investment in North Downs Housing, as per the loan agreement. This is higher than the return earned on treasury investments but currently reflects the additional risks to the Council of holding the investment, but is more in line with the Bank of England base rate.

Security of investments

2.14 Counterparty credit quality was assessed and monitored with reference to credit ratings; financial institutions analysis of funding structure and susceptibility to bail-in, credit default swap prices; financial statements; information on potential government support and reports in the quality financial press.

2.15 We also considered the use of secured investment products that provide collateral in the event that the counterparty cannot meet its obligations for repayment.

2.16 The minimum long-term counterparty credit rating for ‘high quality counterparties’ approved for 2022-23 was A-/A3 across all three main credit rating agencies (Fitch, S&P, and Moody’s).

2.17 The strategy set different limits for different counterparty credit ratings both in maximum duration and exposure in monetary terms.

2.18 We also can invest in non-rated institutions subject to due diligence.

Liquidity of investments

2.19 In keeping with the MHCLG’s Guidance on Investments, the council maintained a sufficient level of liquidity using money market funds, call accounts, the maturity profile of fixed investments and short-term borrowing from other local authorities.

2.20 We use PSLive as our daily cash flow forecasting software to determine the maximum period for which funds may prudently be committed.

Yield of investments

2.21 The council sought to optimise returns commensurate with its objective of security and liquidity. The Bank of England base rate has increased during the year: please refer to paragraph 8 in appendix 9 of the Arlingclose Economic background commentary.

2.22 We invested in longer-term covered bonds, which increased the return of the portfolio and the duration. Bonds can be sold in the secondary market should we need the liquidity, and the variable rate bonds reset every quarter allowing increases in interest rate in line with the market increases.

2.23 The council's budgeted investment income for the year was £1.278 million and actual interest was £1.9 million, at a weighted average yield of 1.62% (excluding North Downs Housing).

Externally managed funds

2.24 We estimate to have cash balances over the medium-term (our "core" cash as identified in the Councils liability benchmark), and as such we have continued investing in pooled (cash-plus, bond, equity, multi-asset and property) funds. These funds have allowed us to diversify into asset classes other than cash without the need to own and manage the underlying investments. These funds operate on a variable net asset value (VNAV) basis offer diversification of investment risk, coupled with the services of a professional fund manager; they also offer enhanced returns over the longer term but are more volatile in the short term. All of our pooled funds are in the respective funds distributing share class, which pay out the income generated. They have no defined maturity date, but are available for withdrawal, some with a notice period.

2.25 For fixed income bond investors, 2022 was a very difficult year - bonds had their worst year of performance in several decades; long-term government bonds had their worst year ever as central banks delivered larger interest rates hikes than initially expected and promised more to combat inflation. As policy rates rapidly rose from very low levels, bond investors suffered large crystalised or unrealised losses from rising sovereign and corporate bond yields (i.e. falling prices) as well as from widening credit spreads as concern grew over the risk of defaults in a recessionary environment. The return on the All-Gilts index was -16.3% over the 12 months to March 2023. Negative yielding bonds all but disappeared globally.

2.26 UK and global equities remained volatile against a backdrop of high and sticky inflation, rapid policy rates tightening and an increasing risk of recession. There was a large sell-off in global equities in April, and again in June and September for both UK and global equities. The total return on the FTSE All Share index for the 12 months ending March 2023 was 2.9% and 5.4% for the FTSE 100.

2.27 The negative correlation between bonds and equities, which had featured for some years, turned positive in 2022 as both bonds and equities sold off simultaneously against an outlook of sticky inflation and high interest rates. Simultaneously, tighter financial conditions, higher bond yields and challenges in some segments of commercial real estate (e.g. offices post-COVID, high street shops and shopping centres) saw commercial property values fall during 2022, with a large fall in the final calendar quarter.

2.28 Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Authority’s medium- to long-term investment objectives are regularly reviewed. Strategic fund investments are made in the knowledge that capital values will move both up and down on months, quarters and even years; but with the confidence that over a three- to five-year period total returns will exceed cash interest rates.

2.29 The details of our external funds are show in the table at para x.

Borrowing and debt management

2.30 The council’s debt portfolio is detailed in the table below. Our loan portfolio decreased by £14 million due to repaying some of the short-term loans (£23.5 million), partly replacing with longer-term PWLB loans for WUV (£9.4 million). Short-term borrowing rates increased in line with the Bank of England base rate, as such the average weighted interest rate is higher than 2021/22.

		31 March 2022 (£'000)	Average Rate	31 March 2023 (£'000)	Average Rate
Fixed Rate Debt	PWLB	170,235	3.22%	179,599	3.22%
Variable Rate Debt	PWLB	0	0.00%	0	0.00%
Long-term	LAs	0	0.00%	0	0.00%
Temporary borrowing	LAs	138,500	0.17%	115,000	0.51%
Total Debt		**308,735**	**1.73%**	**294,599**	**2.51%**

2.31 Our primary objective when borrowing has been to strike an appropriately low risk balance between securing low interest costs and achieving cost certainty over the period for which funds are required, with flexibility to renegotiate loans should our long-term plans change being a secondary objective.

2.32 We also have short-term loans outstanding at the end of the year which we took out for cash flow purposes, from other local authorities. Temporary and short-dated loans borrowed during the year from other local authorities remained affordable and attractive.

2.33 Affordability and the "cost of carry" remained important influences on our long-term borrowing strategy alongside the consideration that, for any borrowing undertaken ahead of need, the proceeds would be invested at rates of interest significantly lower than the cost of borrowing. As short-term interest rates have remained lower than long-term rates, the council determined it was more cost effective in the short-term to use internal resources and borrow short-term to medium-term instead.

2.34 A new HRA PWLB rate of gilt yield plus 0.4% (0.4% below the currently available certainty rate) was announced on 15th March 2023. This discounted rate is to support local authorities borrowing for Housing Revenue Accounts and the delivery of social housing and is expected to be available from June 2023, initially for a period of one year.

2.35 The Councils borrowing position is monitored regularly as to whether it is more beneficial to externalise borrowing now or whether to continue internal borrowing based on predicted future borrowing costs (which are likely to be higher), however the availability of internal borrowing is severely reduced and the high value capital projects currently approved will require external funding. Arlingclose assist us with this 'cost of carry' and break-even analysis.

2.36 Acceptable use of PWLB borrowing includes service delivery, housing, regeneration, preventative action, refinancing and treasury management. Misuse of PWLB borrowing could result in the PWLB requesting that Council unwinds problematic transactions, suspending access to the PWLB and repayment of loans with penalties.

2.37 Competitive market alternatives may be available for authorities with or without access to the PWLB. However, the financial strength of the individual authority and borrowing purpose will be scrutinised by commercial lenders.

3. Treasury and prudential indicators

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

3.2 The CFO confirms that we have complied with our prudential indicators for 2022/23, which were approved in February 2022 as part of the treasury management strategy statement. The CFO also confirms that we have complied with our treasury management policy statement and treasury management practices during 2022/23.

Balance sheet and treasury position prudential indicator

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

3.4 The council's CFR for 2022/23 is shown in the following table

Capital Financing Requirement	2022/23 Approved Estimate £000	2022/23 Revised Estimate £000	2022/23 Actual £000
HRA			
Opening balance (01 Apr 22)	207,024	199,204	199,204
Movement in year: Unfinanced cap exp	10,000	0	0
Closing balance (31 Mar 23)	217,024	199,204	199,204
General Fund			
Opening balance (01 Apr 22)	156,891	156,891	157,217
Movement in year: Unfinanced cap exp	90,314	37,000	26,034
Movement in year: MRP	(1,344)	(1,344)	(1,527)
Closing balance (31 Mar 23)	245,861	192,547	181,724
Total			
Opening balance (01 Apr 22)	363,915	356,095	356,421
Movement in year: Unfinanced cap exp	100,314	37,000	26,034
Movement in year: MRP	(1,344)	(1,344)	(1,527)
Closing balance (31 Mar 23)	462,885	391,751	380,928
Balances and Reserves	(159,888)	(159,888)	153,140
Cumulative net borrowing requirement / (investments)	**302,997**	**231,863**	**534,068**

3.5 The GF unfinanced capital expenditure mainly relates to WUV, transport schemes and loan / equity to North Downs housing. This is lower than budgeted because of the slippage in the capital programme – we projected some slippage during the year, which is shown by the revised estimate (as in the strategy report presented to Council in February 2023) and is reflected in the 2022/23 MRP budget.

3.6 We budgeted an underlying need to borrow of £158 million for 2022/23, and our actual underlying need to borrow was £26.3 million because of slippage in the capital programme and also a higher amount of capital receipts/grants than anticipated.

Gross debt and the CFR

3.7 We monitor the CFR to gross debt continuously to ensure that, over the medium term, borrowing is only for a capital purpose and does not exceed the CFR. This is a key indicator of prudence. We will report any deviations to the CFO for investigation and appropriate action. The following table shows the council is in a net internal borrowing position and gross debt does not exceed the CFR over the period.

Gross Debt and the CFR	**2022/23 Actual £000**
General Fund CFR	175,040
HRA CFR	199,204
Total CFR (at 31 March)	**374,244**
Gross External Borrowing	(294,599)
Net (external) / internal borrowing position	**79,645**

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

3.9 We are showing as being internally borrowed up to £80 million in at the end of March 2022.

Capital expenditure prudential indicator

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

3.11 The following table shows capital expenditure by project in the year, compared to the original estimate approved by the Executive in January 2022.

Projects	Original Estimate (£'000)	Actual (£'000)	Variance (£'000)
Housing Revenue Account			
HRA Capital Programme	60,190	26,355	(33,835)
Total Housing	**60,190**	**26,355**	**(33,835)**
General Fund			
Infrastructure	3,250	259	(2,991)
Strategic Property	24,992	909	(24,083)
Ash road bridge & Footbridge	19,169	2,820	(16,349)
NDH/GHL	1,783	2,429	646
Midleton redevelopment	5,557	3,549	(2,008)
WUV	52,730	19,566	(33,164)
Other General Fund Projects	6,144	5,913	(231)
Provisional schemes	44,486	0	(44,486)
Total General Fund	**158,111**	**35,445**	**(122,666)**
Total Capital Programme	**218,301**	**61,800**	**(156,501)**

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

- WUV because of the discussions with Homes England and the affordability mitigation plan

- Shaping Guildford Future – it was identified the works were not at a stage where they can be capitalised.
- Property acquisitions – in light of the changes to the PWLB lending arrangements the Council is only pursuing purchases for strategic purposes and there were no such properties forthcoming in the year.
- provisional schemes were re-profiled during the year, and include:
    - vehicles and plant purchase – discussions around the fuel type of the new vehicles delayed the spend
    - Loan and Equity purchase into North Downs Housing – this was delayed pending discussions around the future of the company
    - Guildford West

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

CAPITAL EXPENDITURE - SUMMARY	**Original Estimate (£'000)**	**Actual (£'000)**
General Fund Capital Expenditure Financed by:		
- Borrowing/Use of Balances	(108,801)	(26,082)
- Capital Receipts	0	(286)
- Capital Grants/Contributions	(47,472)	(6,802)
- Capital Reserves/Revenue	(1,838)	(2,275)
HRA Capital Expenditure Financed by:		
- Capital Receipts	(8,540)	(2,819)
- Capital Reserves/Revenue	(51,650)	(23,536)
Financing - Totals	**(218,301)**	**(61,800)**

3.14 GF borrowing was less than budgeted because of slippage in the capital programme, which reduced the need for internal borrowing in the year.

Ratio of financing costs to the net revenue stream prudential indicator

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

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

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

3.18 The net revenue stream for the GF is the total budget requirement and for the HRA is total income. The total budget requirement for the GF used is the 2022/23 budget.

	2022/23 Original Estimate	**2022/23 Actual**
General Fund	8.42%	9.25%
HRA	32.49%	30.25%

3.19 The GF is higher than originally estimated because the interest payable to HRA on its balances was higher than estimated due to the increase in interest rates. HRA is lower because HRA interest on reserves was higher than budgeted due to the increase in the investment rates.

The authorised limit prudential indicator

3.20 The Local Government Act 2003 requires the council to set an affordable borrowing limit, irrespective of the indebted status. This is a statutory limit, which we cannot breach.

3.21 The limit is the maximum amount of external debt we can legally owe at any one time. It is expressed gross of investments and includes capital expenditure plans, the CFR and cash flow expenditure. It also provides headroom over and above for unexpected cash movements.

3.22 The limit was set at £553 million for the year and the highest level of debt was £314 million.

3.23 We measure the levels of debt on an ongoing basis during the year for compliance. The CFO confirms there were no breaches to the authorised limit in 2022-23.

The operational boundary prudential indicator

3.24 The operational boundary, based on the same estimates as the authorised limit, reflects the most likely, prudent but not worst-case scenario. It does not allow for additional headroom included in the authorised limit.

3.25 The limit was set at £494 million for the year and the highest level of debt was £314 million.

Maturity structure of borrowing treasury indicator

3.26 The aim of this indicator is to control our exposure to refinancing risk (large concentrations of debt needing refinancing at once).

31st March 2022 £'000	Loans Maturity (Liquidity Risk)	31st March 2023 £'000
134,136	Less than 1 year	126,545
10,318	Over 1 year but not over 2 years	11,545
32,227	Over 2 years but not over 5 years	24,636
58,182	Over 5 years but not over 10 years	62,727
25,636	Over 10 years but not over 15 years	909
32,435	Over 15 years but not over 20 years	57,435
10,800	Over 45 years	10,800
303,734	Total	294,597

3.27 The above table shows the amount of debt maturing in each period and its percentage of total fixed rate loans. That less than 12 months is mainly made up of short-term borrowing.

Actual external debt treasury indicator

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

3.29 Actual external debt (as per 3.7) stood at £295 million.

Upper limit for total principal sums invested over 1 year

3.30 The purpose of this limit is to contain exposure to the possibility of loss that may arise as a result of the council having to seek early repayment of the sums invested.

3.31 Our limit was set at £50 million we ended the year with exposure of £35 million.

3.32 As mentioned earlier in the report, many of our long-term investments are covered bonds, which can be sold on the secondary market. There could be a price differential if they were sold, but it is unlikely to be material.

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GBC INVESTMENT PROPERTY FUND PORTFOLIO ANNUAL REPORT 2022/23

Fund Report – 2022/23

OBJECTIVE OF FUND

The investment property portfolio aims to provide a secure level of income for the Council and seeks to maintain and grow capital values of the properties held in the portfolio. This is achieved by keeping vacancy and associated costs to a minimum and by growing income through new lettings, rent reviews, refurbishments, active asset management, and investment in a diversified commercial property portfolio.

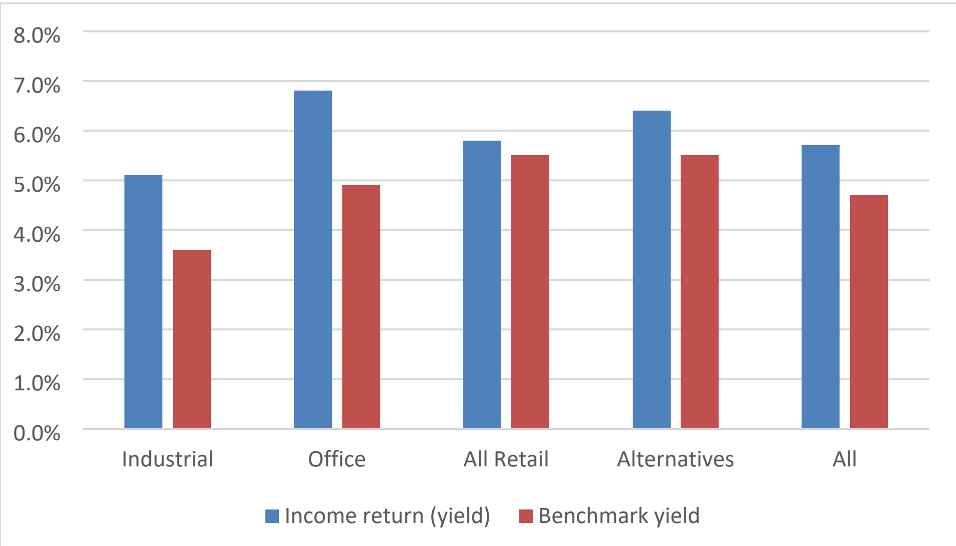
KEY POINTS – 2023 VALUATION

- Fund size c.£168 million
- Rental income £9.5 million p.a.
- 100 Assets over 4 main sectors
- High yielding (5.7% gross yield)
- Low vacancy rate (4.19%)
- Long average unexpired lease terms

TOP FIVE SINGLE INVESTMENTS

1. 1.Wey House, Farnham Rd
2. 2.Midleton Enterprise Park (phase 2-3)
3. 3.Moorfield Point, Slyfield
4. 4.Friary Street, West Side
5. 5.10 Midleton Road (Lexicon House)

FUND PERFORMANCE AGAINST UK BENCHMARK 2022/23



NB: Benchmarking taken from MSCI data – calculated as average over the year.

KEY ACQUSITIONS & DISPOSALS 2022/23

The Asset Investment Strategy set out the Council's objective to increase its rental income through new commercial property acquisitions. However, HM Treasury introduced new guidance in 2022 that limits opportunities for all Local Authorities to borrow from the Public Works Loan Board (PWLB) and Local Authorities are no longer able to acquire assets solely to increase rental income. Officers are therefore in the process of preparing a new Strategic Asset Acquisition Strategy setting out how the Council can borrow from the PWLB to either acquire assets for strategic or regeneration purposes or invest in the refurbishment and redevelopment of its existing assets. It should be noted that the Council did not acquire or dispose of any investment assets in 2022/23.

GBC INVESTMENT PROPERTY FUND PORTFOLIO ANNUAL REPORT

2022/23

Property Investment Fund – 2022/23

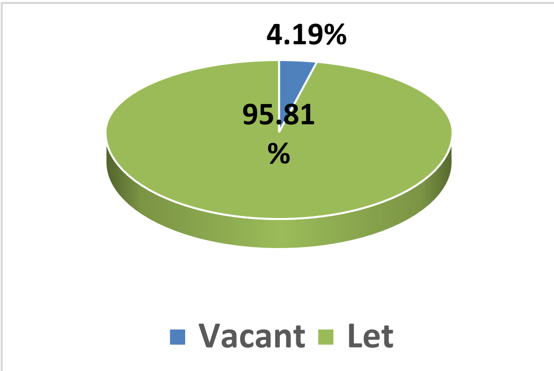
FUND STRATEGY

The Fund comprises the principal commercial property sectors: industrial, office, retail, and alternatives (petrol stations, leisure, food & beverage, educational centres etc). Officers aim to achieve an above average income return by keeping vacancy and associated costs (such as empty rates, service charges, repairs, and insurance) to a minimum and by generating income growth through rental increases, refurbishments, active asset management and new lettings. The average vacancy rate over 22/23 was 4.19%[1].

VACANCY RATE

Based on days per property

Qtr 1	Qtr 2	Qtr 3	Qtr 4	Year
4.49%	4.49%	3.88%	3.90%	4.19%



PERFORMANCE

In January 2023 the investment fund was valued at £168 million, decreasing by £5.8 million from the previous financial year due to a shift in yields. There was a large increase in capital value in 2021/22 from the previous year and the decrease this year is considered as a correction. Despite the fall in the overall capital value of the investment portfolio, the rental income increased significantly by £757,000 to £9.5 million per annum, representing a total return of 5.9%. The significant rental growth was to a great extent a direct consequence of the successful letting of the newly built units at Midleton Enterprise Park alongside the letting of The Rock at Slyfield Industrial Estate. Furthermore, there were several significant rental increases at rent review following post-pandemic growth in the industrial sector.

Factors that affected the portfolio in 2022/23 include:

- **Yield softening** – The first part of the financial year saw yields suppressed to an all-time low, particularly the industrial sector which saw prime southeast multi-let industrial estates showing sub 3%. However, with the turmoil in central Government, the war in Ukraine, the energy crisis and high inflation, there was a shift in market sentiment leading to yields moving outwards across all property types in Q3/4. There has been an element of correction in this sector as well, which after an initial spate of abortive transactions and general turmoil stabilised towards the end of the year largely with a recognition that occupier demand has remained reasonably constant particularly for

[1] Excluding intentional voids and Finance leases.

industrial property**.** The net result of these capital market shifts has been a reduction in the overall capital value of the portfolio.

- **Midleton Redevelopment** – Our ongoing strategy to regenerate this estate, replacing older, obsolete assets with new fit for purpose buildings continues. Construction works in respect of phase 1 and phase 2/3 were completed in March 2021 and January 2022 respectively and these units are almost fully occupied and income producing. As at the 2023 annual asset valuations, only 1 out of the 16 units remained vacant. Income from these phases will be £647,551 per annum once fully let. The final phase (Phase 4) has been under construction and is therefore reflected as land value in the 2023 asset valuation. The is due for completion in the summer of 2023 and will generate additional rental income in 2023/24.

FUND PERFORMANCE (TOTAL RETURN) *

	Industrial	Office	All Retail	Alternatives	All
Rental income*					
2015/16	2,679,571	1,831,900	1,750,254	885,636	7,147,361
2016/17	3,057,302	1,858,638	1,447,672	1,062,137	7,425,749
2017/18	3,493,405	3,186,048	1,426,317	1,080,786	9,186,556
2018/19	3,619,808	3,038,548	1,459,048	1,129,361	9,246,765
2019/20	3,369,452	2,135,460	1,459,548	1,139,397	8,103,857
2020/21	3,565,449	2,112,620	1,284,638	1,139,397	8,102,104
2021/22	4,224,693	2,135,460	1,293,038	1,100,322	8,753,513
2022/23	5,016,552	2,067,013	1,326,638	1,100,389	9,510,592
Capital value ****					
	Industrial	**Office**	**All Retail**	**Alternatives**	**All**
2015/16	39,077,755	19,227,500	34,270,000	11,233,500	103,808,755
2016/17	42,922,450	25,915,000	25,908,500	15,963,500	110,709,450
2017/18	51,509,000	49,574,000	26,065,000	17,471,500	144,619,500
2018/19	66,970,000	49,159,000	26,097,000	18,843,000	161,069,000
2019/20	72,295,790	35,609,000	26,097,000	18,143,000	152,144,790
2020/21	77,670,905	34,165,000	24,527,000	18,540,500	154,903,405
2021/22	101,459,000	32,095,000	23,252,000	17,150,500	173,956,500
2022/23	97,820,000	30,350,000	22,735,000	17,225,500	168,130,500
Benchmark return***					
	Industrial	**Office**	**All Retail**	**Alternatives**	**All**
2015/16	6.1%	4.7%	5.4%	4.7%	5.2%
2016/17	5.4%	4.1%	5.0%	5.5%	4.8%
2017/18	4.9%	4.1%	5.1%	5.3%	4.8%
2018/19	4.4%	4.0%	5.1%	5.0%	4.6%
2019/20	4.4%	4.0%	5.4%	5.1%	4.7%
2020/21	4.4%	4.0%	5.6%	4.8%	4.6%
2021/22	3.4%	4.8%	5.2%	5.0%	4.7%
2022/23	3.6%	4.9%	5.5%	5.5%	4.7%
Income return (Gross yield) *****					
	Industrial	**Office**	**All Retail**	**Alternatives**	**All**

2015/16	6.9%	9.5%	5.1%	7.9%	6.9%
2016/17	7.1%	7.2%	5.6%	6.7%	6.7%
2017/18	6.8%	6.4%	5.5%	6.2%	6.4%
2018/19	5.4%	6.2%	5.6%	6.0%	5.7%
2019/20	4.7%	6.0%	5.6%	6.3%	5.3%
2020/21	4.6%	6.2%	5.2%	6.1%	5.2%
2021/22	4.2%	6.7%	5.6%	6.4%	5.0%
2022/23	5.1%	6.8%	5.8%	6.4%	5.7%

*Excludes Finance Leases
**Capital Values and rent at 31/1/23
*** MCSI data for the Southeast (average across the year)
**** Note the basis of analysing income return was switched to gross yield across each Asset Class as opposed to adopting an average yield used in previous years.

- **Voids** – 40A Castle Street and 40 Castle Street are vacant but there is an ongoing strategy review of these assets which may involve disposal. The vacant space at The Billings (unit 4 and two floors in unit 2) continues to remain vacant despite ongoing marketing with the potential rental value of all vacant parts being circa £135,000 p.a. plus empty rates liability. Two units at Moorfield Point have been vacant for part of the year but have encouragingly been the only significant industrial voids.

- **Rent reviews** – we concluded a number of rent reviews across our portfolio and in the main these resulted in significant rental uplifts particularly in the industrial assets. One significant rent review at 37-39 Moorfield Road saw a rental increase from £39,500pa to £87,000pa though this was in part as a result of a change of use agreement. We continue to monitor rent review events closely and appoint external consultants where appropriate.

- **Sector Weighting** – Industrial remains the Council's largest sector which continues to outperform the office and retail markets, primarily due to a considerable rise in Logistics and E-commerce demand. The upwards trend of industrial values came to an abrupt end at the time of the turmoil in Central Government when Liz Truss became prime minister along with the war in Ukraine and energy crisis. At this time prime industrial yields slipped from around 3% to 5% but have since regained some ground with a gradual return of investor confidence. Fortunately, occupational demand for industrial space remained reasonably robust throughout and rents have not been impacted. Overall, our industrial assets now represent 58% of the portfolio but lost around 3.6% in value compared to the previous year due to the yield shift.

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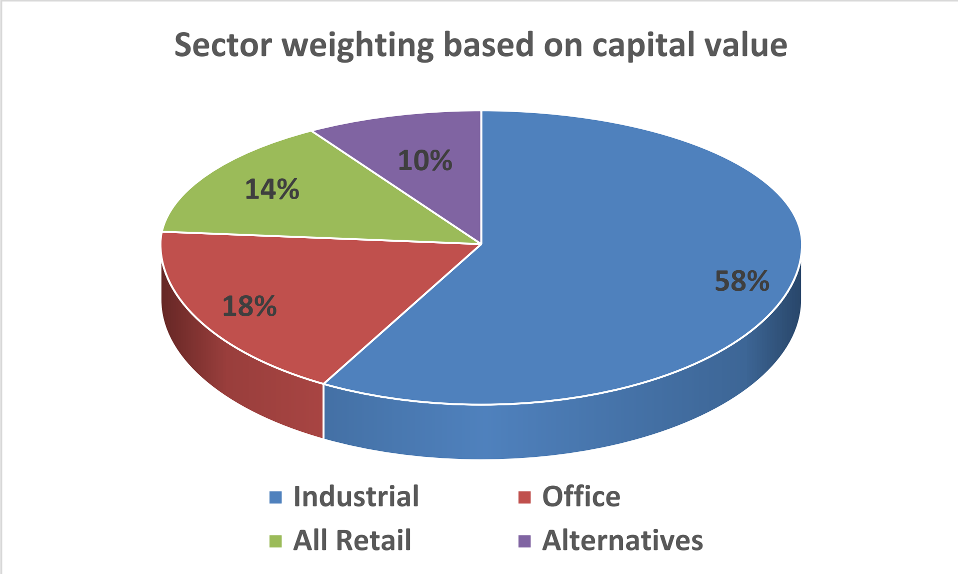

- **High Street Retailing facing ongoing challenges** – the weakened performance of the Council's retail assets has not recovered post the pandemic. Instead, there has been a reset in the market with prime rents estimated to be at around two-thirds of their original levels. Whilst there is a little more positivity and some new tenants coming into the town, the market is difficult with a trend towards shorter leases with tenant breaks, lower turnover rents, requests from Tenants for rent holidays/abatement and so forth. Retailers are experiencing ongoing staffing issues and there is a lingering risk of heavily indebted businesses going into administration. Our retail exposure is for the most part via geared long leases (where we collect rent based on a % of sublease income that our direct tenants generate) but we do hold several directly let single assets. Shopping mall retailing is suffering more than the High Street to some extent due to the increasing cost of services feeding into the service charge. The total capital value of our retail assets exhibited a relatively small decline, though there was a marginal increase in income.

As a result of these factors/market dynamics, the Fund performed well overall and significantly above benchmark. Asset & Property managers continue to maximise income generation through rent reviews, new lettings, and active asset management.

KEY 4 TRANSACTIONS

	Property	Transaction
	The Rock, Thornberry Way	Refurbished by the Council and let to Ninja Warrior from October 2022 for 15 years at a headline rent of £400,000pa and 6 months rent-free.
	Wey House, Farnham Road	The previous lease was regeared for 16 years at a rent of £1.3M p.a. The Council agreed a 6-month rent-free period and a capital contribution of £800K towards the refurbishment of the building.

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	Phase 2/3 Midleton Enterprise Park	14 out of 15 units let, generating a total rent of £521,000 p.a.
	37-39 Moorfield Road, Slyfield Industrial Estate	Agreed a rental uplift at rent review alongside a widening of the permitted use in relation to a long let. Rent increased from £39,000pa to £87,500pa backdated to December 2020.

STRATEGIC ASSET INVESTMENT POLICY AND INDUSTRIAL ESTATES STRATEGY

Strategic Asset Investment Policy (**Revised)** – an Asset Investment Fund of £40 million was approved by the Executive in January 2020 as part of the Capital and Investment Strategy 2020-21 to 2024-25. With changes to PWLB borrowing rules imposed by HM Treasury, the Council can no longer invest purely for income. However strategic acquisitions may still be possible in accordance with the changes in requirements for borrowing, such as for regeneration projects, to address market failure or preventative action. These changes, coupled with the amended MEES regulations, prompted the Council at its Executive meeting on Tuesday 25 January 2022 to widen the remit of the fund to enable the Council to invest in its existing investment portfolio. Officers are working on a revised/updated Policy to guide our strategy going forward.

Industrial Estates Strategy – in 2022 the Council endorsed the development and procurement of an overall Industrial Estate Growth Strategy to include an overarching vision for the remaining estates. This will identify all redevelopment, acquisition, and disposal opportunities to enable the Council to protect and grow its financial returns, achieve its strategic objectives and financial excellence, and secure value for money. Officers are working on the strategy out of which a series of Projects will be identified. Integral to this is planning a path to deal with Assets that are becoming obsolete/failing MEES standards.

LOCAL PROPERTY MARKET 2022/23 REVIEW

2022/23 saw unprecedented political turmoil with the outbreak of war in Ukraine, the energy crisis and high inflation. Further negative pressures on the UK economy came in September 2022 following the election of Liz Truss as Prime Minister and the mini budget which promoted policies that was not received well in the markets. Subsequent to this, sentiment gradually improved. That said, although there was a significant impact in the capital markets, occupier demand seemed to remain relatively unaffected particularly in the industrial sector. The office market has been subdued but some positive signs resulting from the expansion seen in the gaming sector. The retail market has generally remained subdued with little sign of rental values showing any sustained recovery and take up of new space particularly from multiples continuing to be impacted by more sales moving online.

Following the pandemic, new challenges have emerged that are likely to impact activity in the year ahead. Inflation and the rising costs of living/energy costs and doing business will put a squeeze on households and companies, while labour shortages will continue to constrain output.

Industrial

Continued strong investment demand for industrial property in the first half of the year drove yields down to new levels with the shift to online sales continuing to grow, seemingly unaffected by the economic and political turmoil. This resulted in a surge in demand from E-commerce and third-party logistics operators. Despite not having a large logistics offering, industrial property within Guildford continued to perform well. A scarcity of supply, particularly for smaller sub-10,000 sq. ft. units, limited new build and strong levels of take up resulted in rental growth during the year. Yields on the other hand softened mid-year but with limited supply, the local occupier market demonstrated remarkable resilience and even some rental growth evident. An example is on the Cathedral Hill Industrial Estate which was comprehensively refurbished by the owners Diageo and off the back of a letting to Screwfix in 2021 some flagship tenants were attracted at record rents – first with Topps Tiles signing up at £15psf and then Porsche at £18psf. In early 2023 there was a further letting to Howdens at £20psf. Additional supply is likely to come on stream from 2024 at Burnt Common, where planning consent has now been granted on the first small unit phase and further larger units planned thereafter.

The Council's redevelopment of Midleton (see section 'Major Projects' below) has continued with the construction of phase 4 which will comprise 20 new small Enterprise units built to a green agenda and with some pre-let interest in advance of completion. These units act as a seedbed for local enterprise and has been remarkably successful.

Office

Take-up in 2022 hit 105,789 sq ft, closely in line with the ten-year annual average and comprising 19 transactions. Notably, reflecting Guildford's growing reputation as UK gaming cluster, Supermassive Games was behind four of 2022's deals, with its 20,842 sq ft lease at Ranger House being the largest deal of the year. While demand has been slow more recently, momentum started to pick up in Q2. April brought Guildford's first deal of 2023, Fuse Gaming's 4,000 sq ft at Eastgate Court, while 45,000 sq ft is under offer at the Priestley Centre, Surrey Research Park. However, demand generally remains focused towards the town centre rather than out of town – it accounted for 83% take-up in 2022, while the current active requirements are all seeking out solutions within the town centre.

Total supply has bumped up to a four-year high of 445,000 sq ft. However, close to two thirds of this is situated out of town with much of the increase accounted for by British Land's refurbishment of the Priestley Centre (83,000 sq ft) and CIM's refurbishment of 3000 Cathedral Square (44,700 sq ft), both of which are scheduled for delivery in Q3 2023. By contrast, supply in the town centre is tight with only 84,000 sq ft of up and built space available, of which 50,000 sq ft is grade A. Large options are extremely scarce, with the only immediately available building providing in excess of 10,000 sq ft being 3 London Square (14,600 sq ft).

Offices outside the town centre suffered including Cathedral Square and Guildford Business Park where there is significant vacancy, but positively, several schemes are coming forward that will provide a notable boost to town centre supply over the next few years. A refurbishment of White Lion House (15,760 sq ft) delivers summer 2023, while Kingsbridge Estates' Bottleworks (41,000 sq ft) is currently under construction and arrives in early 2024. Longer term, key projects in the pipeline comprise 1 Farnham Road (75,000 sq ft), which is in the early stages of planning, and One Onslow Street, which has recently received planning consent to deliver 99,000 sq ft near to The Friary shopping centre.

Despite the economic headwinds, tight supply in the town centre continues to exert upward pressure on rents for best-in-class space. Guildford's prime headline rent was at £37.50 per sq ft as at Q1 2023, though agents are forecasting this to grow in the next year.

Retail

While the 'Cost of Living Crisis' has dominated the national news headlines, this was not reflected in retail sales as they grew by 6.1% over the 2022/23 financial year. Clothing saw the strongest growth in sales volumes of around 3% while household goods fell by around 5%. The share of online retail remained consistent over the course of the year at about a quarter of all UK sales.

Guildford Town Centre has been a beneficiary of this post-pandemic recovery with several new brands arriving in the town. These have mostly been food and beverage operators who appear to have been attracted by the strong consumer spend and availability of prime pitches. Joe & The Juice, Coppa Club, Ole & Steen Bakery and Megans have all taken on prominent retail units with a coffee plus food offering and appear to be trading very well. Clothing stores Free People and Charles Tyrwhitt have taken on smaller yet highly visible premises. However, there are still a number of empty shops, with Claire's Accessories, Ernest Jones, Jack Wills and Links of London all recent departures from the town.

Prime retail rents have been re-based at around two thirds of their previous peak levels, dropping from circa £325-350 psf Zone A before the Pandemic to circa £175-200 psf Zone A thereafter. Rents have not increased from last year, remaining more or less at the same levels. Landlords are generally granting 10-year terms with a combination of initial rent free and stepped rents. The willingness of these tenant businesses to invest in high quality shop fitouts show their confidence in the continued recovery and success of Guildford Town Centre.

PROPERTY MARKET – OUTLOOK

Despite growing challenges in the wider economy, limited availability of Office space, continued expansion in the gaming sector and an emphasis on Grade A quality accommodation will continue to fuel incremental growth in prime office rents. Guildford's prime office headline rent is forecast to move to a new benchmark of £39.50 per sq. ft. by the end of 2023, while the delivery of new space in the town centre is expected to drive further growth over the next two years.

The rising cost of living has become an increasing concern in recent months along with the ongoing conflict in Ukraine which is creating additional inflationary pressure primarily through its impact in oil and natural gas prices. Heightened global geopolitical tensions have added an unexpected and unwanted layer of uncertainty to the outlook. Nonetheless, the ending of the political turmoil around the Liz Truss Premiership appears to have settled and the effect of rising interest rates should start to bring inflation under control. It is hoped this should underpin a healthy economic recovery towards the end of 2023 and the fundamentals underpinning the growth of the industrial and logistics sector in which demand is anticipated to continue strongly both by occupiers and with more investment activity in the capital markets.

The outlook for the retail sector is seeing some gradual improvement at a local level with Guildford having been able to perform better than many other Southeast towns due to its wealthy catchment. The speed of recovery in retail will depend on wider economic factors, particularly getting inflation under control and in turn interest rates. Many within the industry also continue to advocate a wider reform of the business rates system.

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MAJOR PROJECTS

Midleton Industrial Estate Redevelopment

The Council continued to progress the phased redevelopment of Midleton Industrial Estate during 2022/23. This was the only major project relating to investment Assets during the year.

A timeline of the phased speculatively built scheme is as follows: -

Phase 1 – GBC speculatively built a pair of semi-detached industrial units comprising 9,338 sq ft in 2020/21. This was let to Havwoods Accessories on a 10 year lease from April 2021. Income generated - £126,063pa.

Phases 2 and 3 (Branded as Midleton Enterprise Park) - GBC speculatively built a further 15 units ranging in size from 860 to 6,500 sq ft. This was branded as 'Midleton Enterprise Park' and was remarkably successful in quickly attracting tenants in advance of practical completion Q1 2022. During 2022/23 14 out of the 15 units were let, achieving rents of around £15-16.50psf. The total income generated once fully let will be circa £520,000 p.a.

Phase 4 Midleton Enterprise Park – under construction during the year and likely to reach practical completion in the next financial year. This will provide a total of 20 small units to form a 'seedbed' for small local businesses similar to the existing Enterprise units on Slyfield and at Ash Vale. Unit sizes will range from 549- 807 sq ft. The total rental income anticipated will be in the region of £250,000 p.a. once fully let.

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Agenda item number: 10
Appendix 3

GENERAL FUND CAPITAL PROGRAMME - ESTIMATED EXPENDITURE 2022-23 to 2027-28

Ref	Bid ref	Code	Directorate/Service and Capital Scheme name	Approved gross estimate	Cumulative spend at 31-03-22	2022-23 Estimate approved by Council in February	Revised estimate	Expenditure at P12	Projected exp est by project officer	2023-24 Est for year	2024-25 Est for year	2025-26 Est for year	2026-27 Est for year	2027-28 Est for year	Future years est exp	Projected expenditure total	Grants / Contributions towards cost of scheme	Funded from Reserves	Net cost of scheme
				(a)	(b)	(c)	(d)	(e)	(f)	(ii)	(iii)	(iv)	(v)	(v)	(g)	(b)+(f)+(g) = (h)	(i)	(j)	(h)-(i) -(j)= (k)
				£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000		£000
			APPROVED SCHEMES																
			COMMUNITY DIRECTORATE																
			General Fund Housing																
	PR381	N51008	Disabled Facilities Grants		annual	605	605	548	897	605	605	-	-		1,210	2,107	(2,045)	-	62
		N51019	Better Care Fund		annual	-	-	322	-	-	-	-	-		-	-	-	-	-
	PR381	N51020	Home Improvement Assistance		annual	-	-	20	-	-	-	-	-		-	-	-	-	-
	PR381	N51021	Solar Energy Loans		annual	-	-	-	-	-	-	-	-		-	-	-	-	-
		N51023	BCF TESH Project		annual	-	-	-	-	-	-	-	-		-	-	-	-	-
		N51024	BCF Prevention grant		annual	-	-	7	-	-	-	-	-		-	-	-	-	-
		N51030/32	SHIP		annual	-	-	-	-	-	-	-	-		-	-	-	-	-
			General Grants to HAs		annual	100	100	-	-	100	100	-	-		200	200	-	-	200
			Asset Management		-	-	-	-	-	-	-	-	-		-	-	-	-	-
ED14(e	PR159	P72**	Void investment property refurbishment works	570	503	-	4	-	-	-	-	-	-	-	-	662	-	-	566
		P72041	1 North Moors (complete)				18	18	18								(16)		
ED15		P72048	1 Midleton void works(complete)				-	-	-	-					-				
	12636	P72049	C4 41 Moorfield Road Slyfield void works(complete)			10	3	3	3	-					-				
		P74078	4 The Billings (complete)				138	138	138								(80)		
ED14		P72047	10 Midleton void works(complete)	230	222	-	4	4	4	-	-	-	-		-	227	(100)	-	127
ED21		P72022	Methane gas monitoring system	100	48	51	52	-	-	52	-	-	-	-	52	100	-	-	100
ED22		P74058	Energy efficiency compliance - Council owned properties	245	82	163	163	19	19	144	-	-	-	-	144	246	-	-	246
ED26		P51053	Bridges -Inspections and remedial works	317	203	90	114	53	53	61	-	-	-	-	61	317	-	-	317
ED41	PR162	P74064	The Billings roof (complete)	200	192	-	8	8	8	-	-	-	-	-	-	200	-	-	200
ED53	BID97	P74072	Tyting Farm Land-removal of barns and concrete hardstanding	200	143	57	57	-	-	57	-	-	-		57	200	-	-	200
			Office Services				-												
			COMMUNITY DIRECTORATE TOTAL	**1,862**	**1,394**	**1,076**	**1,266**	**1,140**	**1,140**	**1,019**	**705**	**0**	**0**	**0**	**1,724**	**4,259**	**-2,241**		**2,018**
			ENVIRONMENT DIRECTORATE																
			Operational Services																
OP1/OP		P66*	Flood resilience measures (use in conjunction with grant	445	324	121	121	-	-	121	-	-	-	-	121	445	-		445
OP5	PR275	P35017	Mill Lane (Pirbright) Flood Protection Scheme(no longer reqd)	71	55	16	16	-	-	-	-	-	-	-	-	55	(19)		36
OP6	PR304	P58012	Vehicles, Plant & Equipment Replacement Programme	10,665	10,395	-	270	135	135	136	-	-	-	-	136	10,665	(26)		10,639
OP26	PR264	P35022	Merrow lane grille & headwall construction	60	3	57	57	-	-	57	-	-	-	-	57	60	-		60
OP28	PR284		Crown court CCTV	10	-	10	10	-	-	10	-	-	-	-	10	10	-		10
OP22	5-1920		Town Centre CCTV upgrade	250	-	250	250	-	-	250	-	-	-	-	250	250	-		250
OP24	Bid 8	P66001	Yorkies Bridge Lighting (complete)	20		20	20	12	12	-					-	12			12
OP22	Bid 6	P66002	YMCA Lighting (complete)	24		24	24	10	10	-					-	10			10
			Parks and Leisure						-										
PL20(c)		P18224	Redevelopment of Westborough and Park barn play area	320	-	320	320	-	-	320	-	-	-	-	320	320	-		320
PL34	PR186	P04009	Stoke cemetry re-tarmac	122	-	122	122	77	77	45	-	-	-	-	45	122	-		122
PL57	BID211	P18215	Parks and Countryside - repairs and renewal of paths,roads	355	256	97	99	81	81	18	-	-	-	-	-	355	-		355
PL58	1-1920	P18220	Shalford Common - regularising car parking/reduction of	121	29	30	32	7	7	85	-	-	-	-	85	121	-		121
PL60	7-1920	P18226	Traveller encampments	53		28	53	-	-	53	-	-	-	-	53	53	-		53
PL60	7-1920		Traveller transit site provision	127		127	127	-	-	127	-	-	-	-	127	127	-		127
		P50017	Works to Weir (complete)		418		-	-	-	-	-	-	-	-	-	418	-		418
PL61	Bid 2	P18238	Stoke Park Paddling Pool	170		170	170	168	168	2					2	170			170
PL62		P22067	Lido - Drainage Works	2,100	2		2,098	1,166	1,166	879	53				932	2,100		(1,500)	600
			ENVIRONMENT TOTAL DIRECTORATE	**14,913**	**11,482**	**1,392**	**3,789**	**1,656**	**1,656**	**2,103**	**53**	**-**	**-**	**-**	**2,138**	**15,293**	**(45)**	**(1,500)**	**13,748**
			FINANCE DIRECTORATE																
			Financial Services					-											
FS1	PR303		Capital contingency fund	annual	-	2,000	1,340	-	-	2,000	2,000	2,000	2,000	2,000	10,000	10,000	-		10,000
			RESOURCES DIRECTORATE TOTAL	**0**	**0**	**2,000**	**1,340**	**0**	**0**	**2,000**	**2,000**	**2,000**	**2,000**	**2,000**	**10,000**	**10,000**	**0**		**10,000**
			DEVELOPMENT/INCOME GENERATING/COST REDUCTION PROJECTS																
			Development / Infrastructure																
ED54	BID129	P74069/P740	Rodboro Buildings - electric theatre through road and parking	416	36	370	369	3	3	377	-	-	-	-	377	416	-		416
P5	PR354	P79027/P790	Walnut Bridge replacement	5,098	4,567	500	530	1,075	1,075	-	-	-	-	-	-	5,642	(2,456)	(950)	2,236
		P79032	SMC(West) Phase 1	1,967	1,785	200	182	143	143	39	-				39	1,967	(914)		1,052
P21		P79037/P790	Ash Road Bridge	44,000	6,494	18,914	23,504	2,695	2,695	24,573	9,822	416	-	-	34,811	44,000	(35,400)		8,600
P21		P79038	Ash Road Footbridge	500	58	255	406	124	124	317	-	-	-	-	317	500	-	-	500
		P79995	Broadband for Surrey Hills (B4SH)	60	3		60	44	44	14					14	60			60
P11	PR364		Guildford West (PB) station	500	-	500	500	-	-	-	250	250	-	-	500	500	-		500
		P79041	Ripley Village Hall	600			600	600	600										
			Development Financial																
	PR130	P79996	Investment in North Downs Housing (60%)	15,180	13,717	1,073	1,463	1,463	1,463	-	-	-	-	-	-	15,180	-		15,180
	PR130	P79997	Equity shares in Guildford Holdings ltd (40%)	10,120	9,154	710	966	966	966	-	-	-	-	-	-	10,120	-		10,120
ED49	PR395	P72037	Middleton Ind Est Redevelopment	14,907	9,310	5,557	5,597	3,549	3,549	1,972	75	-	-		2,047	14,907			14,907
P12	PR371	P72045	Property acquisitions	33,520	8,767	24,992	24,753	909	909	9,891	13,953	-	-	-	23,844	33,519	-		33,519
PL9	PR136	P05009	Rebuild Crematorium	11,036	10,927	-	109	6	6	99	-	-	-	-	99	11,033	-		11,033
ED27		P79023/P790	North Street Development / Guild Town Centre regeneration	1,627	1,473	150	154	113	113	41	-	-	-	-	41	1,627	(250)		1,377
P22	BID 21-	P79039	Shaping Guildford Future (SGF)	4,170		1,530	2,630	-	-	4,170					4,170	4,170			4,170
ED32	PR028	P79026	Internal Estate Road - CLLR Phase 1	11,139	10,946	-	193	-	-	193	-	-	-	-	193	11,139	(5,107)		6,032
P ED6	PR350	P74039 /	WUV (Weyside Urban Village)	170,506	21,444	52,730	53,725	7,560	18,771	110,452	-		-	-	110,452	170,706	(14,097)		156,609
ED6	PR350	P79100/P182	WUV - Allotment relocation	200	2,641	-	-	801	-	-									
ED6	PR350	P79101	WUV - Int roads, Site clearance	-	1	-	-	-	-										

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Appendix 3

GENERAL FUND CAPITAL PROGRAMME - ESTIMATED EXPENDITURE 2022-23 to 2027-28

Ref	Bid ref	Code	Directorate/Service and Capital Scheme name	Approved gross estimate	Cumulative spend at 31-03-22	2022-23 Estimate approved by Council in February	Revised estimate	Expenditure at P12	Projected exp est by project officer	2023-24 Est for year	2024-25 Est for year	2025-26 Est for year	2026-27 Est for year	2027-28 Est for year	Future years est exp	Projected expenditure total	Grants / Contributions towards cost of scheme	Funded from Reserves	Net cost of scheme
				(a)	(b)	(c)	(d)	(e)	(f)	(ii)	(iii)	(iv)	(v)	(v)	(g)	(b)+(f)+(g) = (h)	(i)	(j)	(h)-(i) -(j)= (k)
				£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000		£000
ED6	PR350	P79102	WUV - New GBC Depot	2,480	1,628	-	852	796	796	56					56	2,480			2,480
ED6	PR350	P79104	WUV - Thames Water relocation	-	16,307	-	-	10,410	-										
ED6	PR350	P79106	WUV - Land Purchase	-	1,091	-	-	-	-										
			DEVELOPMENT/INCOME GENERATING/COST REDUCTION	**328,026**	**120,348**	**107,481**	**116,593**	**31,257**	**31,257**	**152,194**	**24,100**	**666**	**0**	**0**	**176,960**	**327,965**	**-58,224**	**-950**	**268,790**
			APPROVED SCHEMES TOTAL	**344,801**	**133,224**	**111,949**	**122,988**	**34,053**	**34,053**	**157,316**	**26,858**	**2,666**	**2,000**	**2,000**	**190,822**	**357,517**	**-60,510**	**-2,450**	**294,556**

non-development projects total	16,775	12,876	4,468	6,395	2,796	2,796	5,122	2,758	2,000	2,000	2,000	13,862	29,552	-2,286	-1,500	25,766
development/infrastructure - non-financial benefit	52,541	12,943	20,739	25,551	4,084	4,084	25,320	10,072	666	0	0	36,058	53,084	-38,770	-950	13,364
development- financial benefit	274,885	107,405	86,742	90,442	26,573	26,573	126,874	14,028	0	0	0	140,902	274,880	-19,454	0	255,426
TOTAL	344,201	133,224	111,949	122,388	33,453	33,453	157,316	26,858	2,666	2,000	2,000	190,822	357,517	-60,510	-2,450	294,556

SUMMARY																
APPROVED SCHEMES - TOTAL	344,801	133,224	111,949	122,988	34,053	34,053	157,316	26,858	2,666	2,000	2,000	190,822	357,517	(60,510)		294,556
GRAND TOTAL	**344,801**	**133,224**	**111,949**	**122,988**	**34,053**	**34,053**	**157,316**	**26,858**	**2,666**	**2,000**	**2,000**	**190,822**	**357,517**	**(60,510)**		**294,556**

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Appendix 3

GENERAL FUND CAPITAL PROGRAMME - ESTIMATED EXPENDITURE 2022-23 to 2027-28

Ref	Verto ref	Code	Directorate / Service Units Capital Schemes	Gross estimate approved by Executive (a) £000	Cumulative spend at 31-03-22 (b) £000	2022-23 Estimate approved by Council in February (c) £000	Revised estimate (e) £000	Expenditure at P12 (f) £000	Projected exp est by project officer (g) £000	2023-24 Est for year (i) £000	2024-25 Est for year (ii) £000	2025-26 Est for year (iii) £000	2026-27 Est for year (iv) £000	2027-28 Est for year (v) £000	2028-29 Est for year (v) £000	2029-30Est for year (v) £000	2030-31 est for yr and SARP to 3233 (v) £000	Future years estimated expenditure (h) £000	Projected expenditure total (b)+(g)+(h)=(i) £000	Grants or Contributions towards cost of scheme (j) £000	Net total cost of scheme to the Council (i) - (j) = (k) £000
			PROVISIONAL SCHEMES (schemes approved in principle; further report to the Executive required)																		
			COMMUNITY DIRECTORATE																		
			Asset Management																		
ED21(P)			Methane gas monitoring system	150	-	-	-	-	-	150	-	-		-	-	-	-	150	150	-	150
ED22(P)			Energy efficiency compliance - Council owned properties &	3,218	-	1,268	1,268	-	-	2,718	500	-		-	-	-	-	3,218	3,218	-	3,218
ED26(P)			Bridges	370	-	370	370	-	-	370	-	-		-	-	-	-	370	370	-	370
ED48(p)	PR390		Westfield/Moorfield rd resurfacing	3,152	-	-	-	-	-	-	-	3,152	-	-	-	-	-	3,152	3,152	-	3,152
ED56(p)	BID261		Land to the rear of 39-42 Castle Street (no longer required)	10		10	10		-	-	-	-		-				-	-	-	-
ED57(p)	BID 7 2324		Investment Property void pot							100	100	100	100	100				500	500		
			Office Services						-												
BS3(p)	BID201		Millmead House - M&E plant renewal	33		33	33		-	33	-	-		-				33	33	-	33
			COMMUNITY DIRECTORATE TOTAL	**6,933**	**-**	**1,681**	**1,681**	**-**	**-**	**3,371**	**600**	**3,252**	**100**	**100**	**-**	**-**	**-**	**7,423**	**7,423**	**-**	**6,923**
			ENVIRONMENT DIRECTORATE																		
			Operational Services																		
OP6(P)	Bid 5 2223		Vehicles, Plant & Equipment Replacement Programme	24,000	-	3,280	2,500	-	-	400	5,000	5,000	3,000	6,500	1,500	2,000	600	24,000	24,000	-	24,000
OP21(P)	PR281		Surface water management plan	200	-	-	-	-	-	200	-	-	-	-		-	-	200	200	-	200
OP23(p)	Bid 7 2223		Millmead House Lifts	200		200	200	-	-	200								200	200		200
OP24(p)	BID 4 2324		GBC Depot - operational							200	2,200	30						2,430	2,430		2,430
			Parks and Leisure				-	-	-												
PL18(P)			Refurbishment / rebuild Sutherland Memorial Park Pavilion	150	-	-	-	-	-	-	150	-	-	-		-	-	150	150	-	150
PL45(p)	PR388		Stoke Pk gardens water feature refurb	40	-	40	40	-	-	40	-	-	-	-		-	-	40	40	(29)	11
PL57(p)	BID211	P18215	Parks and Countryside - repairs and renewal of paths,roads and	1,382	-	382	382	-	-	250	250	250	250	382				1,382	1,382	-	1,382
PL59(p)	BID229		Millmead fish pass	60	-	60	60	-	-	60	-	-	-	-				60	60	-	60
PL61(p)	Bid 3 2223		Albury Closed Burial Ground(no longer reqd)	60		57	57	-	-	-	-							-	-		-
PL62(p)	Bid 4 2223		Chilworth Gunpowder Mills	180		175	175	-	-	175	5							180	180		180
PL63(p)	Bid 9 2223		Memorial Wall	100		100	100	-	-	-		100						100	100		100
PL34(p)	Bid 10 2223		Stoke cemetry re-tarmac	18		18	18	-	-	18								18	18		18
PL64(p)	BID 1 2324		Lido Road Allotment Security Fencing							70								70	70		70
PL65(p)	BID 2 2324		2015 Play strategy action plan							200								200	200		200
PL66(p)	BID 3 2324		Spectrum upgrades							1,250	1,750	2,300	1,150	650				7,100	7,100		7,100
PL67(p)	BID 5 2324		Derby Road playground conversion							120								120	120		120
PL68(p)	BID 6 2324		SMP astro turf surface							8	2							10	10		10
			ENVIRONMENT DIRECTORATE TOTAL	**26,390**	**-**	**4,312**	**3,532**	**-**	**-**	**3,191**	**9,357**	**7,680**	**4,400**	**7,532**	**1,500**	**2,000**	**600**	**36,260**	**36,260**	**(29)**	**36,231**
			DEVELOPMENT/INCOME GENERATING/COST REDUCTION PROJECTS																		
			Development / Infrastructure																		
	PR130	P79996	Investment in North Downs Housing	30,100	-	5,518	5,518	-	-	-	-	-	-	18,057				18,057	18,057	-	18,057
	PR130	P79997	Equity shares in Guildford Holdings ltd	-	-	3,683	3,683	-	-	-	-	-	-	12,043				12,043	12,043	-	12,043
P10(p)	PR316		Sustainable Movement Corrider	150	-	-	-	-	-	-	150	-		-	-	-	-	150	150	-	150
P11(p)	PR364 &		Guildford West (PB) station	1,000	-	1,000	1,000	-	-	-	-	1,000		-	-	-	-	1,000	1,000	-	1,000
P17(p)	BID169		Bus station relocation(no longer reqd)	500	-	-	-	-	-	-	-	-	0					-	-	-	-
			Development Financial																		
P ED16(P)	PR350		WUV (Weyside Urban Village)	150,622	-	-	-	-	-	1,522	28,697	34,881	24,342	22,271	14,910	17,909	-	144,532	144,532	-	144,532
ED38(P)	PR041		North Street development	1,350	-	-	-	-	-	150	50	50	50	50	50	950	-	1,350	1,350	-	1,350
P12(p)	PR371 & 4-		Property acquisitions	38,292	-	28,292	28,292	-	-	-	-	13,000	13,000	12,292	-	-	-	38,292	38,292	-	38,292
			DEVELOPMENT/INCOME GENERATING/COST REDUCTION PROJECTS TOTAL	**222,014**	**-**	**38,493**	**38,493**	**-**	**-**	**1,672**	**28,897**	**48,931**	**37,392**	**64,713**	**14,960**	**18,859**	**-**	**215,424**	**215,424**	**-**	**215,424**
			PROVISIONAL SCHEMES - GRAND TOTALS	**255,337**	**-**	**44,486**	**43,706**	**-**	**-**	**8,234**	**38,854**	**59,863**	**41,892**	**72,345**	**16,460**	**20,859**	**600**	**259,107**	**259,107**	**(29)**	**258,578**

	(a)	(b)	(c)	(e)	(f)	(g)	(i)	(ii)	(iii)	(iv)	(v)	(v)	(v)	(v)	(h)	Total	(j)	(k)	
non development projects	33,323	-	5,993	5,213	-	-	6,562	9,957	10,932	4,500	7,632	1,500	2,000	600	43,683	43,683	(29)	43,154	
development/infrastructure - non-financial benefit	31,750	0	10,201	10,201	0	0	0	150	1,000	0	30,100	0	0	0	31,250	31,250	0	31,250	0
development- financial benefit	190,264	0	28,292	28,292	0	0	1,672	28,747	47,931	37,392	34,613	14,960	18,859	0	184,174	184,174	0	184,174	
TOTAL	255,337	0	44,486	43,706	0	0	8,234	38,854	59,863	41,892	72,345	16,460	20,859	600	259,107	259,107	-29	258,578	

SUMMARY																		
PROVISIONAL SCHEMES - TOTAL	255,337	-	44,486	43,706	-	-	8,234	38,854	59,863	41,892	72,345	16,460	20,859	600	259,107	259,107	(29)	258,578
GRAND TOTAL	**255,337**	**-**	**44,486**	**43,706**	**-**	**-**	**8,234**	**38,854**	**59,863**	**41,892**	**72,345**	**16,460**	**20,859**	**600**	**259,107**	**259,107**	**(29)**	**258,578**

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

Item No.	Project Officer	Code	Projects & Sources of Funding	Approved gross estimate	Cumulative spend at 31-03-22	2022-23 Estimate approved by Council in February	Revised estimate	Expenditure at P12	Projected exp est by project officer	2023-24 Est for year	2024-25 Est for year	2025-26 Est for year	2026-27 Est for year	2027-28 Est for year	Future years est exp	Projected expenditure total
				(a)	(b)	(c)		(e)	(f)	(i)	(ii)	(iii)	(iv)	(v)	(g)	(b)+(f)+(g) = (h)
				£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
			COMMUNITY DIRECTORATE													
		P59...	ENERGY PROJECTS per SALIX RESERVE:(PR220)			-		-	-	-					-	-
R-EN12	7-2021		LED lighting	44		-	44	-	-	44	-	-	-	-	44	44
R-EN14		P59048	MILLMEAD HOUSE & FARNHAM ROAD CP - PV	192	155		38	4	4	-					-	158
R-EN15			FARNHAM ROAD CP- PV													
			ENERGY PROJECTS per GBC INVEST TO SAVE RESERVE:													
			GBC 'Invest to Save' energy projects (to be repaid in line with savings)			-	-	-	-	-					-	-
R-EN14	BID207	P59108	SMP - air source heat pump	28	1	-	27	-	-	27	-	-	-	-	27	28
			ENERGY RESERVES TOTAL	**264**	**155**	**-**	**109**	**4**	**4**	**71**	**-**	**-**	**-**	**-**	**71**	**230**
			FINANCE DIRECTORATE													
			INFORMATION TECHNOLOGY - IT Renewals Reserve (PR265) : approved annually													
			Hardware / software budget	500		303	542	-	488	440	-		-	-	440	928
R-IT1	SW-M	P81002	Hardware	annual	annual	-	-	62	-	-	-	-	-	-	-	-
R-IT2	SW-M	P81002	Software	annual	annual	-	-	426	-	-	-	-	-	-	-	-
	12,710	P81038	ICT Refresh Phase 2			197	197	26	26	60	-			-	60	86
		P81037	Salesforce					196	196							
R-IT3	09-1920		IDOX Acolaid to Uniform	275		-	275		-	275	-	-	-	-	275	275
R-IT4	09-1920		LCTS alternative	56		-	56		-	56		-	-	-	56	56
			IT RENEWALS RESERVE TOTAL	**831**	**-**	**500**	**1,070**	**710**	**710**	**831**	**-**	**-**	**-**	**-**	**831**	**1,345**
			ENVIRONMENT DIRECTORATE													
			SPECTRUM RESERVE													
R-S14			Spectrum schemes (to be agreed with Freedom Leisure)	431	168	263	263	-	-	-					-	168
		P22066	Spectrum - Retaining Wall (complete)	204	170		34	5	5	-					-	175
		P22067	Lido - Drainage Works (moved to Main approved)	-	-		-	-	-	-					-	-
			SPECTRUM RESERVE TOTAL	**635**	**338**	**263**	**297**	**5**	**5**	**-**	**-**	**-**	**-**	**-**	**-**	**343**
			CAR PARKS RESERVE													
R-CP1	KMc	P37503	Car parks - install/replace pay-on-foot equipment	1,170	240	-	-	-	-	-	930	-	-	-	930	1,170
			Car Parks - Lighting & Electrical improvements:													
R-CP14	KMc/RH	P37514	Lift replacement (PR000293)	841	716	-	125	-	0	125	-	-	-	-	125	841
R-CP19	BID194	P37523	Structural works to MSCP	300	50	250	250	-	-	100	-	-	-	-	100	150
R-CP20	10-1920	P37524	MSCP- Deck surface replacement & barriers (complete)	652	526	-	126	88	88	-	-	-	-	-	-	615
R-CP21	08-2021	P37526	Additional barriers Farnham Rd	15		15	15	-	-	15	-	-	-	-	15	15
R-CP22	08-2021	P37527	Deck surface replacement (stair cores)Farnham Rd	70		70	70	-	-	70	-	-	-	-	70	70
R-CP23	08-2021	P37529	Deck surface replacement Leapale Rd(complete)	600	603	15	(3)	-	-	-	-	-	-	-	-	603
R-CP25	1 & BID 11	P37530	Structural repairs roof turret timbers Castle St	210		205	205	-	-	200	10	-	-	-	210	210
	BID12 2223		Car Park Lighting	**300**		**300**	300	303	303	-					-	303
			CAR PARKS RESERVE TOTAL	**4,158**	**2,135**	**855**	**1,088**	**391**	**391**	**510**	**940**	**-**	**-**	**-**	**1,450**	**3,976**
			SPA RESERVE :													
		P20...	SPA schemes (various)	100	annual	-	151	-	-	151	-	-	-	-	151	151
R-SPA1		P201..	Chantry Woods					-	-						-	
R-SPA2		P202..	Effingham					-	-						-	
R-SPA3		P203..	Lakeside					-	-						-	
R-SPA4		P204..	Riverside					-	-						-	
R-SPA5		P205..	Parsonage					-	-						-	
			SPA RESERVE TOTAL	**100**	**-**	**-**	**151**	**-**	**-**	**151**	**-**	**-**	**-**	**-**	**151**	**151**
			GRAND TOTALS	**5,988**	**2,628**	**1,618**	**2,715**	**1,109**	**1,109**	**1,563**	**940**	**-**	**-**	**-**	**2,503**	**6,045**

GENERAL FUND CAPITAL PROGRAMME - S106 ESTIMATED EXPENDITURE 2022-23 to 2027-28

Ref	Project Officer	Code	Service Units / Capital Schemes	Approved gross estimate	Cumulative spend at 31-03-22	2022-23 Estimate approved by Council in February	Revised estimate	Expenditure at P12	Projected exp est by project officer	2023-24 Est for year	2024-25 Est for year	2025-26 Est for year	2026-27 Est for year	2027-28 Est for year	Future years est exp	Projected expenditure total	Grants / Contributions towards cost of scheme	Net cost of scheme	Total net cost approved by Executive
				(a)	(b)	(c)	(d)	(e)	(f)	(i)	(ii)	(iii)	(iv)	(v)	(g)	(b)+(f)+(g) = (h)	(i)	(h)-(i)	(j)
				£000	£000	£000		£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	*£000*
			APPROVED SCHEMES (fully funded from S106 contributions)																
			ENVIRONMENT DIRECTORATE																
			Operational Services																
			Parks and Leisure																
S-PL36	HJ	P18177	Gunpowder mills - signage, access and woodland imps	36	22	9	14	-	0	14	-	-	-	-	14	36	(36)	-	
S-PL38	HJ	P18192	Chantry Wood Campsite	36		36	36	-	-	36	-	-	-	-	36	36	(36)	-	
S-PL51	SA	P18225	Foxenden Quarry	101	13		87	41	41	46					46	100	(100)		
S-PL48	HJ	P18230	Boardwalk Heathfield Nature Reserve	13		13	13	-	-	13					13	13	(13)		
S-PL49	SA	P18232	Waterside Playarea Muti Unit(complete)	30	28		2	2	2	-					-	30	(30)		
S-PL50	SA	P18233	Albury Playground Equip (PC) (complete)	23	17		5	-	0	-					-	18	(23)		
S-PL53	SA	P18236	Pirbright (PC) Drainage Works/Playground surfacing	10	11		-	0	0							11	(11)		
S-PL51		P18237	West Horsley PC - Litterbins				1	1	1							1	(1)		
S-PL52		P18239	Kings College Sports Facilities	226			226	226	226							226	(226)		
S-PL53	SA	P18240	SMP Tennis Fencing	12			12	12	12							12	(12)		
S-PL54	SA	P18241	Shalford park Trim Trail	12			12			12					12	12	(12)		
			ENVIRONMENT DIRECTORATE TOTAL	**498**	**91**	**58**	**409**	**282**	**283**	**121**	**-**	**-**	**-**	**-**	**121**	**495**	**(501)**	**-**	**-**
			APPROVED S106 SCHEMES TOTAL	**498**	**91**	**58**	**409**	**282**	**283**	**121**	**-**	**-**	**-**	**-**	**121**	**495**	**(501)**	**-**	**-**

SUMMARY	(b)	(c)	(d)	(e)	(f)	(i)	(ii)	(iii)	(iv)	(v)	(g)	(h)	(i)	(h)-(i)
APPROVED S106 SCHEMES - TOTAL	91	58	409	282	283	121	-	-	-	-	121	495	(501)	-
GRAND TOTAL	**91**	**58**	**409**	**282**	**283**	**121**	**-**	**-**	**-**	**-**	**121**	**495**	**(501)**	**-**
FINANCED BY - S106 CONTRIBUTIONS	**(91)**	**(58)**	**(409)**	**(282)**	**(283)**	**(121)**	**-**	**-**	**-**	**-**	**(121)**	**(495)**	**501**	**-**

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 2021-22 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)**

	2021-22 Actuals £000	2022-23 Budget £000	2022-23 Est Outturn £000	2023-24 Estimate £000	2024-25 Estimate £000	2025-26 Estimate £000	2026-27 Estimate £000	2027-28 Estimate £000
Balance as at 1 April	112	0	127	0	0	0	0	0
Add estimated usable receipts in year	984	0	159	0	0	21,641	27,117	22,593
Less applied re funding of capital schemes	(969)	0	(286)	0	0	(21,641)	(27,117)	(22,593)
Balance after funding capital expenditure as at 31 March	**127**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

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**	**2021-22 Actuals £000**	**2022-23 Budget £000**	**2022-23 Est Outturn £000**	**2023-24 Estimate £000**	**2024-25 Estimate £000**	**2025-26 Estimate £000**	**2026-27 Estimate £000**	**2027-28 Estimate £000**
Estimated captial expenditure								
Main programme - approved	38,096	111,949	34,053	157,316	26,858	2,666	2,000	2,000
Main programme - provisional	0	44,486	0	8,234	38,854	59,863	41,892	72,345
s106	72	58	283	121	0	0	0	0
Reserves	1,609	1,618	1,109	1,563	940	0	0	0
GF Housing	0	0	0	0	0	0	0	0
Total estimated capital expenditure	**39,777**	**158,111**	**35,445**	**167,234**	**66,652**	**62,529**	**43,892**	**74,345**
To be funded by:								
Capital receipts *(per 2.above)*	(969)	0	(286)	0	0	(21,641)	(27,117)	(22,593)
Contributions	(12,936)	(47,472)	(6,802)	(40,325)	0	(1,020)	0	0
R.C.C.O. :								
Other reserves	(1,609)	(1,838)	(2,275)	(1,512)	(1,160)	(220)	0	0
	0	0	0	0	0	0	0	0
	(15,513)	(49,310)	(9,363)	(41,837)	(1,160)	(22,881)	(27,117)	(22,593)
Balance of funding to be met from (i) the Capital Reserve, and (ii) borrowing	(24,264)	(108,801)	(26,082)	(125,397)	(65,492)	(39,648)	(16,775)	(51,752)
Total funding required	**(39,777)**	**(158,111)**	**(35,445)**	**(167,234)**	**(66,652)**	**(62,529)**	**(43,892)**	**(74,345)**

4.0 **General Fund Capital Schemes Reserve (U01030)**	**2021-22 Actuals £000**	**2022-23 Budget £000**	**2022-23 Est Outturn £000**	**2023-24 Estimate £000**	**2024-25 Estimate £000**	**2025-26 Estimate £000**	**2026-27 Estimate £000**	**2027-28 Estimate £000**
Balance as at 1 April	0	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
	0	0	0	0	0	0	0	0
Less: Applied re funding of capital programme	0	0	0	0	0	0	0	0
Balance after funding capital expenditure etc.as at 31 March	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Estimated shortfall at year-end to be funded from borrowing	**24,264**	**108,801**	**26,082**	**125,397**	**65,492**	**39,648**	**16,775**	**51,752**

GENERAL FUND CAPITAL PROGRAMME : SUMMARY OF RESOURCES AND FINANCIAL IMPLICATIONS

		2021-22 Actuals £000	2022-23 Budget £000	2022-23 Est Outturn £000	2023-24 Estimate £000	2024-25 Estimate £000	2025-26 Estimate £000	2026-27 Estimate £000	2027-28 Estimate £000
5.0	**Housing capital receipts (pre 2013-14) - estimated availability/usage for Housing, Affordable Housing and Regeneration projects - GBC policy**								
	Balance as at 1 April (T01008)	0	0	0	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	0	0	0	0	0	0	0	0
		0	0	0	0	0	0	0	0
	Less: Applied on regeneration schemes	0	0	0	0	0	0	0	0
	Housing receipts - estimated balance in hand at year end	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

		2021-22 Actuals £000	2022-23 Budget £000	2022-23 Est Outturn £000	2023-24 Estimate £000	2024-25 Estimate £000	2025-26 Estimate £000	2026-27 Estimate £000	2027-28 Estimate £000
5.1	**Housing capital receipts (post 2013-14) - estimated availal availability/usage for Housing, Affordable Housing and Regeneration projects only (statutory (impact CFR))**								
	Balance as at 1 April (T01012)	0	0	0	0	0	0	0	0
	Add: Estimated receipts in year	802	289	0	289	292	295	298	301
	Less: Applied re Housing (General Fund) capital programme	(752)	(220)	0	(100)	(220)	(220)	(220)	(220)
	Less: Applied re Housing Improvement programme	(50)	(69)	0	(189)	(72)	(75)	(78)	(81)
		0	0	0	0	0	0	0	0
	Less: Applied on regeneration schemes	0	0	0	0	0	0	0	0
	Housing receipts - estimated balance in hand	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

		2021-22	2022-23	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	**Total £'000s**
6.1	Estimated annual borrowing requirement	**24,264**	**108,801**	**26,082**	**125,397**	**65,492**	**39,648**	**16,775**	**51,752**	**325,146**
	Bids for funding (net)									0
	Total estimated borrowing requirement if all bids on Appendix 1 appro		**108,801**	**26,082**	**125,397**	**65,492**	**39,648**	**16,775**	**51,752**	**325,146**

GUILDFORD B.C. - HOUSING INVESTMENT PROGRAMME 2022-23 to 2027-28: HRA APPROVED PROGRAMME

		Project Budget £000	2021-22 Actual £000	Project Spend at 31-03-22 £000	2022-23 Estimate £000	Carry Forward	2022-23 Revised Estimate £000	Expenditure as at 07.03.23 £000	2022-23 Projected Outturn £000	2023-24 Estimate £000	2024-25 Estimate £000	2025-26 Estimate £000	2026-27 Estimate £000	2027-28 Estimate £000	Total Project Exp £000
	Acquisition of Land & Buildings	22,900	6,804	14,218	4,800	(118)	4,682	4,165	4,165	4,524	0	0	0	0	22,906
	New Build														
N30011	Guildford Park	75	0	75	0	0	0			0	0	0	0	0	75
	Guildford Park (from GF)	6,500	378	3,526	1,100	608	1,708	1,766	1,766	1,209	0	0	0	0	6,500
N30023	Bright Hill	500	17	17	463	20	483	50	50	433	0	0	0	0	500
N30029	Foxburrows Redevelopment	10,657			9,591	0	9,591	0	0	9,591	1,066				10,657
N30020	Shawfield Redevelopment	300		4	296	0	296	0	0	296					300
	Various small sites & feasibility/Site preparation	1,000		0	0	0	0	0	0	0	1,000	0	0	0	1,000
	Pipeline projects:	9,425		115	0	100	100		0	3,741	5,381	0	0	0	9,425
N30022	Manor House Flats		42	42	1,530		1,530	20	20						
N30026	Banders Rise		1	1	130		130	5	5						
N30027	Station Road East		2	2	112		112	4	4						
N30028	Dunmore Garden Land		1	1	159		159	5	5						
N30030	Clover Road Garages		46	46	1,032		1,032	11	11						
N30031	Rapleys Field		18	18	415		415	11	11						
N30032	Georgelands 108		1	1	118		118	4	4						
N30033	27 Broomfield		4	4	109		109	5	5						
N30034	17 Wharf Lane		4	4	104		104	4	4						
	Development Projects	7,100			7,100		7,100		0	7,100					7,100
	Schemes to promote Home-Ownership								0						
	Equity Share Re-purchases	annual	458	annual	400	0	400	0	0	400	400	400	0	0	annual
	Major Repairs & Improvements				24,500	0	24,500		0	20,600					
	Retentions & minor carry forwards	annual	0	annual				0	0						annual
	Modern Homes - Kitchens, Bathrooms & Void refurb	annual	971	annual				6,602	6,602						annual
	Doors and Windows	annual	241	annual				908	908						annual
	Structural/Roof	annual	307	annual				1,056	1,056						annual
	Energy efficiency: Central heating/Lighting	annual	1,262	annual				1,948	1,948						annual
	General	annual	880	annual				9,794	9,794						annual
	ICT - Housing Management System	1,900			950		950		0	950	950				1,900
	Grants														
	Cash Incentive Scheme	annual	0	annual	0	0	0	0	0						annual
	TOTAL APPROVED SCHEMES	60,357	11,438	18,074	52,909	610	53,519	26,355	26,355	48,844	8,797	400	0	0	60,363

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Appendix 3

GUILDFORD B.C. - HOUSING INVESTMENT PROGRAMME 2022-23 to 2027-28: HRA PROVISIONAL PROGRAMME

	Project Budget £000	2021-22 Actual £000	Project Spend at 31-03-22 £000	2022-23 Estimate £000	Carry Forward	2022-23 Revised Estimate	2022-23 Projected Outturn £000	2023-24 Estimate £000	2024-25 Estimate £000	2025-26 Estimate £000	2026-27 Estimate £000	2027-28 Estimate £000	Total Project Exp £000
New Build													
Guildford Park	16,000	0	1,225	26	0	26	0	0	0	14,775	0	0	16,000
Guildford Park (from GF)	23,125	0	0	0	0	0	0	1,173	13,749	8,203	0		23,125
Bright Hill	3,000	0	0	3,000	0	3,000	0	3,000	0	0	0	0	3,000
Bright Hill Development (from GF)	13,500	0	0	680	0	680	0	5,680	7,000	820	0	0	13,500
Slyfield (25/26 £5m; 26/27 £44m)	50,000	0	0	1,000	0	1,000	0	0	0	5,000	44,000	0	49,000
Shawfield Redevelopment	3,000	0	0	2,500	0	2,500	0	500	0	0	0	0	500
Major Repairs & Improvements													
Major Repairs & Improvements	annual		annual	0	0	0	0		5,500	5,500	5,500	5,500	annual
Retentions & minor carry forwards	annual		annual										annual
Modern Homes: Kitchens and bathrooms	annual		annual										annual
Doors and Windows	annual		annual										annual
Structural	annual		annual										annual
Energy efficiency: Central heating	annual		annual										annual
General	annual		annual										annual
Grants													
Cash Incentive Scheme	annual		annual	75		75	0	75	75	75	75	75	annual
Total Expenditure to be financed	**108,625**	**0**	**1,225**	**7,281**	**0**	**7,281**	**0**	**10,428**	**26,324**	**34,373**	**49,575**	**5,575**	**105,125**

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Appendix 3

GUILDFORD B.C. - HOUSING INVESTMENT PROGRAMME 2022-23 to 2027-28: HRA RESOURCES AND FUNDING STATEMENT

	2021-22 Actual £000	2022-23 Estimate £000	2022-23 Projected Outturn £000	2023-24 Estimate £000	2024-25 Estimate £000	2025-26 Estimate £000	2026-27 Estimate £000	2027-28 Estimate £000
EXPENDITURE								
Approved programme	15,739	52,909	26,355	48,844	8,797	400	0	0
Provisional programme	0	7,281	0	10,428	26,324	34,373	49,575	5,575
Total Expenditure	**15,739**	**60,190**	**26,355**	**59,272**	**35,121**	**34,773**	**49,575**	**5,575**
FINANCING OF PROGRAMME								
Capital Receipts	752	400	400	400	400	400	0	0
1-4-1 recepits	2,980	8,140	2,419	8,898	3,030	3,121	3,213	0
Contribution from Housing Revenue a/c (re cash incentives)	0	75	0	75	75	75	75	75
Future Capital Programme reserve	0	11,547	4,794	21,101	8,248	8,398	14,387	0
Major Repairs Reserve	8,153	13,903	15,113	6,450	5,500	5,500	5,500	5,500
New Build Reserve	3,824	26,125	3,629	22,348	16,918	17,279	26,400	0
Grants and Contributions	30	0	0	0	0	0	0	0
Total Financing (= Total Expenditure)	**15,739**	**60,190**	**26,355**	**59,272**	**34,171**	**34,773**	**49,575**	**5,575**

RESERVES - BALANCES	2021-22 Actual £000	2022-23 Estimate £000	2022-23 Projected Outturn £000	2023-24 Estimate £000	2024-25 Estimate £000	2025-26 Estimate £000	2026-27 Estimate £000	2027-28 Estimate £000
Reserve for Future Capital Programme (U0103! Ju								
Balance b/f	38,329	40,829	40,829	38,535	19,934	14,186	8,288	-3,599
Contribution in year	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500
Used in year	0	-11,547	-4,794	-21,101	-8,248	-8,398	-14,387	
Balance c/f	**40,829**	**31,782**	**38,535**	**19,934**	**14,186**	**8,288**	**-3,599**	**-1,099**
Major Repairs Reserve (U01036)								
Balance b/f	11,876	8,378	9,588	0	-925	-925	-925	-925
Contribution in year	5,865	5,525	5,525	5,525	5,500	5,500	5,500	5,500
Used in Year	-8,153	-13,903	-15,113	-6,450	-5,500	-5,500	-5,500	-5,500
Balance c/f	**9,588**	**0**	**0**	**-925**	**-925**	**-925**	**-925**	**-925**
New Build Reserve (U01069)								
Balance b/f	59,383	62,477	63,398	66,843	52,878	44,511	35,954	18,450
Contribution in year	7,839	8,383	7,074	8,383	8,551	8,722	8,896	9,074
Used in Year	-3,824	-26,125	-3,629	-22,348	-16,918	-17,279	-26,400	0
Balance c/f	**63,398**	**44,735**	**66,843**	**52,878**	**44,511**	**35,954**	**18,450**	**27,524**

Usable Capital Receipts: 1-4-1 receipts (T01011)

Balance b/f	4,526	5,412	5,226	6,018	-3	49	102	157
Contribution in year	3,680	2,728	3,211	2,876	3,083	3,174	3,268	3,334
Repayment in year	0	0	0	0	0	0	0	0
Used in Year	-2,980	-8,140	-2,419	-8,898	-3,030	-3,121	-3,213	
Balance c/f	**5,226**	**0**	**6,018**	**-3**	**49**	**102**	**157**	**3,491**

<u>Note</u>: a contribution to this reserve is dependent on the number of RTB sales in the year determined in the HRA self financing model. There are many variables to the calculation of the 1:4:1 contribution. As an estimate, I have used a model provided by Sector which is based on our assumption of RTB sales

Usable Capital Receipts - HRA Debt Repayment (T01010)

Balance b/f	4,262	4,308	5,280	6,123	6,845	7,629	8,439	9,274
Contribution in year	1,017	661	843	722	784	810	836	862
Used in Year	0	0	0	0	0	0	0	0
Balance c/f	**5,280**	**4,969**	**6,123**	**6,845**	**7,629**	**8,439**	**9,274**	**10,137**

<u>Note</u>: each RTB sale generates a contribution to this reserve toward debt repayment determined in the HRA self financing model. A small number of sales are anticipated each year.

Usable Capital Receipts - pre 2013-14 (T01008)

Balance b/f	0	0	0	0	0	0	0	0
Contribution in year	0	0	0	0	0	0	0	0
Used in Year (HRA = above)	0	0	0	0	0	0	0	0
Used in Year (GF Housing Co)	0	0	0	0	0	0	0	0
Used in Year (GF Housing - DFG)	0	0	0	0	0	0	0	0
Balance c/f	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

<u>Note</u>: Can only be used for HRA capital expenditure, affordable housing and regeneration schemes as set by GBC policy

Usable Capital Receipts - post 2013-14 (T01012)

Balance b/f	0	0	50	348	360	371	383	395
Contribution in year	802	289	298	301	304	307	310	313
Used in Year (HRA = above)	-752	-69	0	-189	-72	-75	-78	-78
Used in Year (GF Housing)	0	-220	0	-100	-220	-220	-220	-220
Balance c/f	**50**	**0**	**348**	**360**	**371**	**383**	**395**	**410**

<u>Note:</u> Can only be used for HRA capital expenditure, affordable housing and regeneration schemes as set by the Government

Schedule of Investments at 31 March 2023

Counter Party	Principal (£)	Rate	Start	End
Fixed Investments				
LA - Mid Suffolk DC	5,000,000	0.38%	05-Jul-21	05-Jul-23
Yorkshire Housing	5,000,000	1.00%	09-Jun-21	09-Jun-23
LA - Cherwell DC	5,000,000	0.40%	13-Jan-22	13-Jul-23
People for Places	5,000,000	1.00%	17-Jun-21	19-Jun-23
Southern Housing Group	6,000,000	2.25%	15-Mar-23	08-Jul-23
LA - Somerset W & Taunton 495	5,000,000	1.1500	21-Apr-22	31-Mar-23
LA - Gravesham 493	5,000,000	1.2500	29-Apr-22	31-Mar-23
LA - Croydon 468	5,000,000	0.5000	6-Jul-22	31-Mar-23
LA - Croydon 469	5,000,000	0.5000	6-Jul-22	31-Mar-23
Southern Housing Group Ltd	6,000,000	2.2500	15-Mar-23	31-Mar-23
LA - Barking & Dagenham 565	4,000,000	4.1000	28-Feb-23	31-Mar-23
LA - Central Bedfordshire 566	5,000,000	4.4000	9-Mar-23	31-Mar-23
LA- Stockport 567	5,000,000	4.5500	16-Mar-23	31-Mar-23
Total	**66,000,000**			
Covered Bonds				
NATIONWIDE	850,000		12-Apr-18	12-Apr-23
SANTANDER	1,000,000		12-Feb-19	12-Feb-24
COVENTRY	500,000		15-Jan-20	15-Jan-25
NATIONWIDE	1,500,000		10-Jan-20	10-Jan-25
LEEDS	750,000		15-Jan-20	15-Jan-25
NAB	1,000,000		04-Feb-20	04-Feb-25
RBC	1,500,000		13-Jul-21	13-Jul-26
RBC	500,000		13-Jul-21	13-Jul-26
BNS	300,000		26-Jan-22	26-Jan-26
LEEDS	2,000,000		15-May-22	15-May-27
Barclays	1,500,000		16-Nov-22	16-Nov-27
Northern Trust	1,500,000			
Total	**12,900,000**			
Notice Account				
Barclays	3,000,000			
Total	**3,000,000**			
Call Account				
HSBC	0			
Total	**0**			

Money Market Funds				
Aberdeen	0			
Aviva	0			
BNP	0			
CCLA	3,875,000			
Federated	0			
Total	**3,875,000**			
Total Internally Managed Funds	**85,775,000**			
Externally Managed Funds				
Aegon	2,406,382			
CCLA	6,349,562			
Federated	0			
Fundamentum	1,880,000			
M&G	0			
Royal London	2,132,763			
Schroders	732,590			
UBS	1,767,992			
Funding Circle	96,005			
Total Externally Managed	**15,365,294**			
Total Investments	**101,140,294**			

Schedule of investments at 31 March 2021

Counterparty	Principal £	Rate	Start	End
Fixed investments				
LA - LB Islington	5,000,000	1.0000%	07-Apr-20	06-Apr-21
LA - Birmingham City Counci	5,000,000	1.1000%	27-Apr-20	26-Apr-21
Metropolitian Housing Trust	2,000,000	1.5000%	28-May-20	28-May-21
LA - Plymouth Council	5,000,000	0.1200%	05-Jan-21	05-Jul-21
LA - Wokingham BC	5,000,000	0.2700%	10-Nov-20	09-Nov-21
LA - Thurrock Council	2,000,000	0.3800%	04-Jan-21	04-Jan-22
LA - Thurrock Council	4,000,000	0.3800%	13-Jan-21	12-Jan-22
LA - Aberdeen City	5,000,000	0.1000%	18-Jan-21	17-Jan-22
LA - IOW	5,000,000	0.1000%	20-Jan-21	19-Jan-22
LA - Thurrock Council	4,000,000	0.3800%	02-Feb-21	01-Feb-22
LA - Warrington BC	10,000,000	0.3000%	12-Mar-21	11-Mar-22
LA - PCC Sussex	4,000,000	0.0500%	30-Mar-21	28-May-21
	56,000,000			
Short-term Bonds				
London Stock Exchange	2,000,000	0.1720%	19-Jan-21	02-Nov-21
	2,000,000			
Long-term Covered bonds				
National Australia Bank	2,000,000	1.1250%	10-Nov-16	10-Nov-21
Commonwealth Bank of Austr	2,000,000	1.1250%	18-Jan-17	22-Dec-21
CIBC	2,000,000	1.1250%	17-Jul-17	30-Jun-22
Santander UK plc	1,000,000	0.3034%	16-Nov-17	16-Nov-22
Barclays Bank UK PLC	1,000,000	0.4771%	23-Oct-18	09-Jan-23
Nationwide	850,000	0.4729%	12-Apr-18	12-Apr-23
United Overseas Bank	1,000,000	0.3040%	01-Feb-19	28-Feb-23
Santander UK plc	1,000,000	0.7850%	12-Feb-19	12-Feb-24
Nationwide	1,500,000	0.6070%	10-Jan-20	10-Jan-25
Leeds BS	750,000	0.5967%	15-Jan-20	15-Jan-25
Coventry BS	500,000	0.5767%	15-Jan-20	15-Jan-25
Lloyds	1,500,000	0.4255%	03-Feb-20	03-Feb-23
National Australia Bank	1,000,000	0.5555%	04-Feb-20	04-Feb-25
	16,100,000			

Counterparty	Principal £	Rate	Start	End
Long-term investments				
Staffordshire Moorlands	1,500,000	1.3000%	20-May-20	20-May-22
LB Croydon	5,000,000	0.9500%	05-May-20	04-May-21
Highland Council	5,000,000	2.0000%	14-Apr-20	14-Apr-21
Rugby Borough Council	2,000,000	2.0500%	15-Apr-20	15-Apr-21
Southern Housing Group Ltd (	6,000,000	1.4500%	09-Mar-21	09-Sep-21
Uttlesford DC - Saffron Walde	3,000,000	0.4500%	24-Nov-20	24-May-22
	22,500,000			
Notice Accounts				
Barclays	3,000,000			
	3,000,000			
Call Account				
HSBC	325,500			
	325,500			
Money market funds				
Aberdeen	7,029,000			
BNP	5,203,000			
Aviva	8,466,000			
CCLA	7,000,000			
Federated	11,521,000			
	39,219,000			
Total internally managed	**139,144,500**			
Externally managed				
CCLA	6,491,179			
Federated Cash Plus	5,000,000			
Royal London	2,332,194			
M&G	3,528,656			
Schroders	697,631			
Fundamentum (REIT)	1,970,000			
UBS	2,203,598			
Funding Circle	508,476			
Total Externally managed	**22,731,734**			
Total investments	**161,876,234**			

Arlingclose Commentary – Economic Review as at March 23

Economic background: The war in Ukraine continued to keep global inflation above central bank targets and the UK economic outlook remained relatively weak with the chance of a mild recession. The economic backdrop during the January to March period continued to be characterised by high energy and commodity prices, high inflation, and the associated impact on household budgets and spending.

Central Bank rhetoric and actions remained consistent with combatting inflation. The Bank of England, US Federal Reserve, and European Central Bank all increased interest rates over the period, even in the face of potential economic slowdowns in those regions.

Starting the financial year at 5.5%, the annual CPI measure of UK inflation rose strongly to hit 10.1% in July and then 11.1% in October. Inflation remained high in subsequent months but appeared to be past the peak, before unexpectedly rising again in February. Annual headline CPI registered 10.4% in February, up from 10.1% in January, with the largest upward contributions coming from food and housing. RPI followed a similar pattern during the year, hitting 14.2% in October. In February RPI measured 13.8%, up from 13.4% in the previous month.

Following the decision by the UK government under Rishi Sunak and Jeremy Hunt to reverse some of the support to household energy bills announced under Liz Truss, further support in the form of a cap on what energy suppliers could charge household was announced in the March Budget to run from April until end June 2023. Before the announcement, typical household bills had been due to rise to £3,000 a year from April.

The labour market remained tight albeit with some ongoing evidence of potential loosening at the end of the period. The unemployment rate 3mth/year eased from 3.8% April-June to 3.6% in the following quarter, before picking up again to 3.7% between October-December. The most recent information for the period December-February showed an unemployment rate of 3.7%.

The inactivity rate was 21.3% in the December-February quarter, slightly down from the 21.4% in the first quarter of the financial year. Nominal earnings were robust throughout the year, with earnings growth in December-February at as 5.7% for both total pay (including bonuses) and 6.5% for regular pay. Once adjusted for inflation, however, both measures were negative for that period and have been so throughout most of the year.

Despite household budgets remaining under pressure, consumer confidence rose to -36 in March, following readings of -38 and -45 in the previous two months, and much improved compared to the record-low of -49 in September. Quarterly GDP was soft through the year, registering a 0.1% gain in the April-June period, before contracting by (an upwardly revised) -0.1% in the subsequent quarter. For the October-December period was revised upwards to 0.1% (from 0.0%), illustrating a resilient but weak economic picture. The annual growth rate in Q4 was 0.6%.

The Bank of England increased the official Bank Rate to 4.25% during the financial year. From 0.75% in March 2022, the Monetary Policy Committee (MPC) pushed through rises at every subsequent meeting over the period, with recent hikes of 50bps in December and February and then 25bps in March, taking Bank Rate to 4.25%. March's rise was voted by a majority of 7-2, with two MPC members preferring to maintain Bank Rate at 4.0%. The Committee noted that inflationary pressures remain elevated with growth stronger than was expected in the February Monetary Policy Report. The February vote was also 7-2 in favour of a hike, and again with two members preferring to keep Bank Rate on hold.

After reaching 9.1% in June, annual US inflation slowed for eight consecutive months to 6% in February. The Federal Reserve continued raising interest rates over the period with consecutive increases at each Federal Open Market Committee meetings, taking policy rates to a range of 4.75%-5.00% at the March meeting.

From the record-high of 10.6% in October, Eurozone CPI inflation fell steadily to 6.9% in March 2023. Energy prices fell, but upward pressure came from food, alcohol, and tobacco. The European Central Bank continued increasing interest rates over the period, pushing rates up by 0.50% in March, taking the deposit facility rate to 3.0% and the main refinancing rate to 3.5%.

Financial markets: Uncertainty continued to be a key driver of financial market sentiment and bond yields remained relatively volatile due to concerns over elevated inflation and higher interest rates, as well as the likelihood of the UK entering a recession and for how long the Bank of England would continue to tighten monetary policy. Towards the end of the period, fears around the health of the banking system following the collapse of Silicon Valley Bank in the US and purchase of Credit Suisse by UBS caused further volatility.

Over the period the 5-year UK benchmark gilt yield rose from 1.41% to peak at 4.70% in September before ending the financial year at 3.36%. Over the same timeframe the 10-year gilt yield rose from 1.61% to peak at 4.51% before falling back to 3.49%, while the 20-year yield rose from 1.82% to 4.96% and then declined to 3.82%. The Sterling Overnight Rate (SONIA) averaged 2.24% over the period.

Credit review: Early in the period, Moody's affirmed the long-term rating of Guildford BC but revised the outlook to negative. The agency also downgraded Warrington BC and Transport for London.

In July Fitch revised the outlook on Standard Chartered and Bank of Nova Scotia from negative to stable and in the same month Moody's revised the outlook on Bayerische Landesbank to positive. In September S&P revised the outlook on the Greater London Authority to stable from negative and Fitch revised the outlook on HSBC to stable from negative.

The following month Fitch revised the outlook on the UK sovereign to negative from stable. Moody's made the same revision to the UK sovereign, following swiftly after with a similar move for a number of local authorities and UK banks including Barclays Bank, National Westminster Bank (and related entities) and Santander.

During the last few months of the reporting period there were only a handful of credit changes by the rating agencies, then in March the collapse of Silicon Valley Bank (SVB) in the US quickly spilled over into worries of a wider banking crisis as Credit Suisse encountered further problems and was bought by UBS.

Credit Default Prices had been rising since the start of the period on the back of the invasion of Ukraine, and in the UK rose further in September/October at the time of the then-government's mini budget. After this, CDS prices had been falling, but the fallout from SVB caused a spike on the back of the heightened uncertainty. However, they had moderated somewhat by the end of the period as fears of contagion subsided, but many are still above their pre-March levels reflecting that some uncertainty remains.

On the back of this, Arlingclose reduced its recommended maximum duration limit for unsecured deposits for all UK and Non-UK banks/institutions on its counterparty list to 35 days as a precautionary measure. No changes were made to the names on the list.

As market volatility is expected to remain a feature, at least in the near term and, as ever, the institutions and durations on the Authority's counterparty list recommended by Arlingclose remains under constant review.

Local authorities remain under financial pressure, but Arlingclose continues to take a positive view of the sector, considering its credit strength to be high. Section 114 notices have been issued by only a handful of authorities with specific issues. While Arlingclose's advice for local authorities on its counterparty list remains unchanged, a degree caution is merited with certain authorities.

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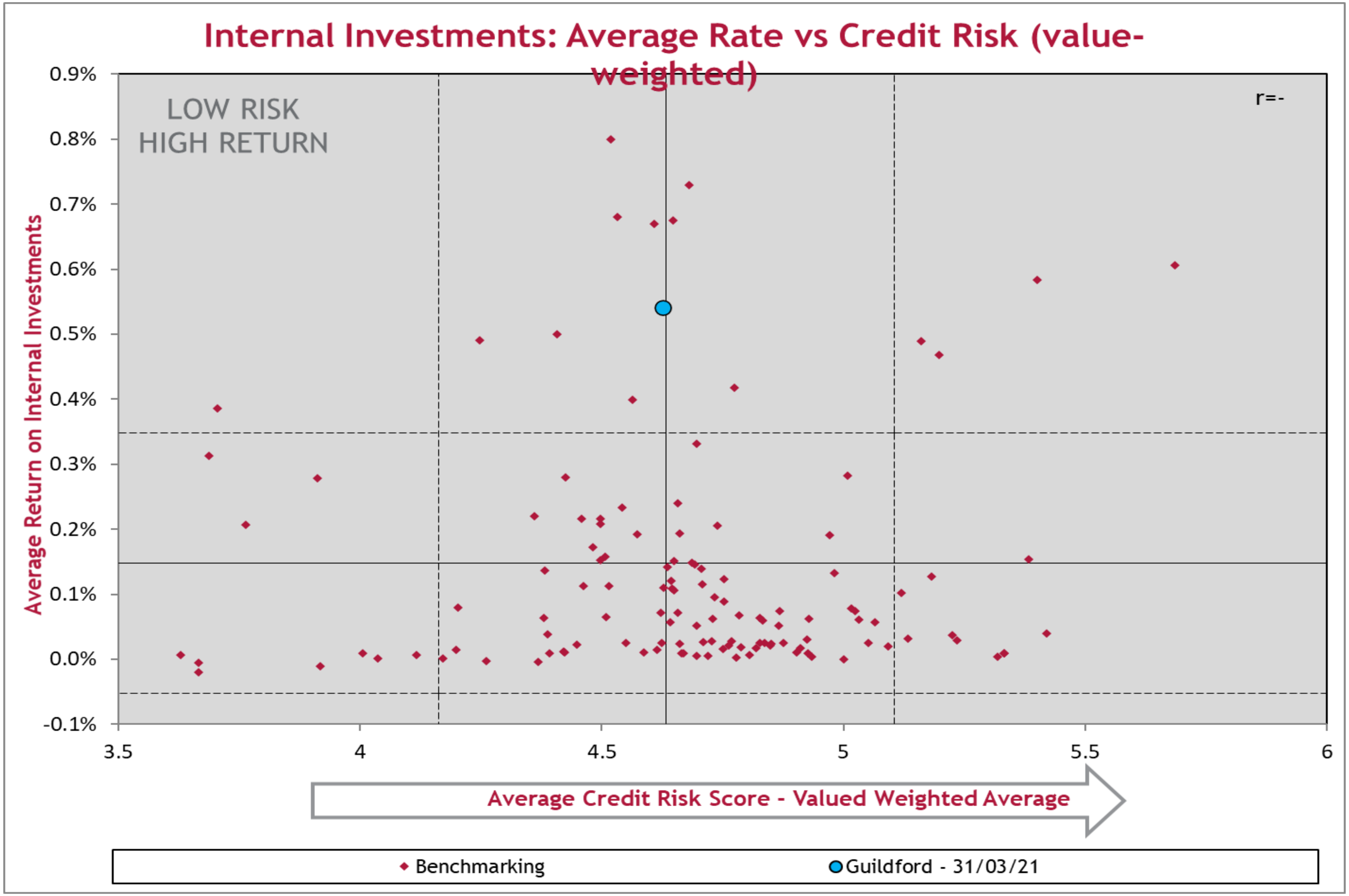
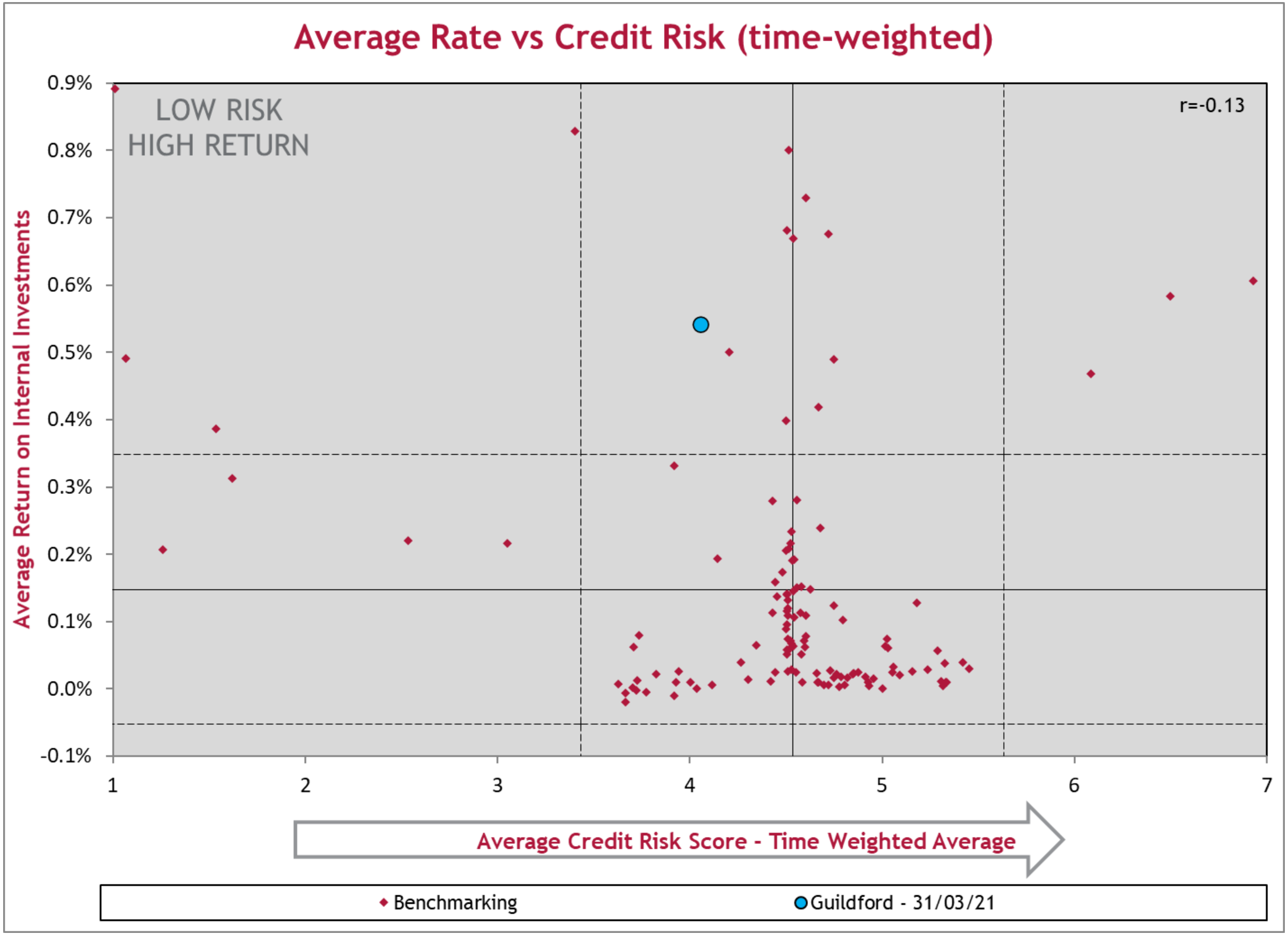

Internal Investments: Average Rate vs Credit Risk (value-weighted)
LOW RISK
HIGH RETURN
r=-
Average Return on Internal Investments
0.9%
0.8%
0.7%
0.6%
0.5%
0.4%
0.3%
0.2%
0.1%
0.0%
-0.1%
3.5
4
4.5
5
5.5
6
Average Credit Risk Score - Valued Weighted Average
Benchmarking
Guildford - 31/03/21



Agenda item number: 10
Appendix 6

Credit score analysis

Scoring:

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

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

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

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Credit Rating Equivalents and Definitions

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

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

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Background to externally managed funds

CCLA – The Local Authorities Property Fund

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

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

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

Schroder Income Maximiser Fund

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

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

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

UBS Multi-Asset Income Fund

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

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

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

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

Risk profile

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

Investments in less developed markets may be more volatile than investments in more established markets. Less developed markets may have additional risks due to less established market practices. Poor liquidity may result in a holding being sold at a less favourable price, or another holding having to be sold instead.

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

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

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

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

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

Glossary

Arlingclose – the Council's treasury management advisors

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

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

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

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

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

Bank Rate – the Bank of England base rate

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

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

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

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

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

CCLA – the local authority property investment fund

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

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

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

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

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

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

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

Counterparty – the organisation the Council is investing with

Covered bonds – a bond backed by assets such as mortgage loans (covered mortgage bond). Covered bonds are backed by pools of mortgages that remain on the issuer's balance sheet, as opposed to mortgage-backed securities such as collateralised mortgage obligations (CMOs), where the assets are taken off the balance sheet.

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

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

Creditworthiness – a measure of the ability to meet debt obligations

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

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

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

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

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

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

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

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

Finance Lease - a finance lease is a lease that is primarily a method of raising finance to pay for assets, rather than a genuine rental. The latter is an operating lease. The key difference between a finance lease and an operating lease is whether the lessor (the legal owner who rents out the assets) or lessee (who uses the asset) takes on the risks of ownership of the leased assets. The classification of a lease (as an operating or finance lease) also affects how it is reported in the accounts.

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

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

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

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

Illiquid – cannot be easily converted into cash

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

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

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

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

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

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

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

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

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

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

Money Market - the market in which institutions borrow and lend

Money market funds – an open-end mutual fund which invests only in money markets. These funds invest in short-term debt obligations such as short-dated government debt, certificates of deposit and commercial paper. The main goal is the preservation of principal, accompanied by modest dividends. Risk is extremely low due to the high rating of the MMFs; many have achieved AAA credit status from the rating agencies. All MMF's are now Variable net asset value (VNAV) which refers to funds which use mark-to-market accounting to value some of their assets. The NAV of these funds will vary by a slight amount, due to the changing value of the assets and, in the case of an accumulating fund, by the amount of income received.

Money Market Rates – interest rates on money market investments

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Sovereign – the countries the Council are able to invest in

Specified Investments - Specified investments are defined as:

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

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

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

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

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

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

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

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

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

Guildford Borough Council

Report to: Executive

Date: 23 November 2023

Ward(s) affected: All Wards

Report of Director: Transformation & Governance

Author: Vicky Worsfold – Lead Specialist - Finance

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Report Status: Open

Housing Revenue Account – Revenue Outturn Report 2022-23

1. Executive Summary

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

1.2 This report includes the actual level of spending on services recorded in the HRA in 2022-23.

1.3 The surplus for the year was £3.12 million less than the budgeted surplus of £10.89 million (Section 7.5) at £7.76 million. The outturn allows a contribution of £2.5 million to the reserve for future capital and a contribution of £5.26 million to the New Build reserve. The HRA working balance at year-end remains at £2.5 million.

1.4 The Chief Finance Officer, in consultation with the Leader of the Council and Lead Councillor for Finance and Property, has used their delegated authority to make the transfers to reserves. This continues the policy adopted in previous years, whereby the year-end surplus is applied to each of the above two reserves.

1.5 The HRA capital programme had budgeted expenditure of £53.9 million with £26.3 million. There was £24.5 million of major repairs estimated with an outturn of £20.3 million. £27.05 million was budgeted for new developments, where actual expenditure was £6 million due to delays in the progression of some of the new schemes.

1.6 This report will also be considered by the Corporate Governance & Standards Committee at its meeting on 16 November. The Committee's comments/recommendations will be included on the Supplementary Information Sheet for consideration by the Executive.

2. Recommendation to Executive:

2.1 That the Executive notes the final outturn position and endorses the decision, taken under delegated authority, to transfer £2.5 million to the reserve for future capital, and £5.26 million to the new build reserve from the revenue surplus of £7.76 million in 2022-23.

3. Reason for Recommendation:

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

4. Exemption from publication

4.1. Not exempt.

5. Purpose of Report

5.1 This report sets out the final position on the Housing Revenue Account for 2022-23. It explains the major variances and reports how the available balance has been used.

6. Strategic Priorities

6.1 The Council is the largest social housing landlord in the borough, our activities contribute to each of the Council's strategic priorities. The Council's Corporate Plan 2021-2025 includes a key priority which is that residents will have access to the homes and jobs they need. This service contributes to meeting this priority.

7. Background

7.1 This report sets out the final position on the Housing Revenue Account (HRA) for 2022-23.

7.2 Officers have included the impact of the final position in the unaudited statutory statement of accounts, available on the Council's website.

7.3 The operating surplus for the HRA account in 2022-23 is £7.89 million. Adjustments are then made for statutory reversals bringing the net surplus down to £7.76 million. The net surplus is represented by transfers to the Reserve for Future Capital and the New build Reserve.

7.4 The table below shows the main variances between the operating surplus for 2022-23 under the key headings.

	£000's
Budgeted HRA outturn (surplus) / deficit 2022/23 *Represented by the budgeted contribution to the Reserve for Future Capital and the New Build reserve [£2.5m + £8.3m]*	**(10,884)**
Variance from budgeted position (major variances)	
Employee related [incl. write out of added years and pension strain costs]	1,006
Investment Income and Interest charge payable	1,306
Capital adjustments (depreciation, revaluation, REFCUS)	(905)
Premises (Repairs & maintenance, utilities, cleaning etc)	(2,866)
Supplies and Services and other variances	(892)
Rental Income	(998)
Below Line Adjustments	227
Total	**(3,122)**
Net (surplus)/deficit available to transfer to reserve in 2022/23 *Represented by the proposed contribution to the Reserve for Future Capital and the New Build reserve (£2.5m + £5.2m)*	**(7,761)**

7.5 Officers propose to transfer this surplus to reserves as £2.5 million to the reserve for future capital, with the balance of £5.26 million transferred to the new build reserve.

Outturn Position and Major Variances

Revenue

7.6 Gross expenditure on services was 119% of, or £3.5 million over, the budgeted level, whilst income receivable totalled 97% of, or £1 million under the budgeted level. The reasons for this are set out in paragraphs 7.10 to 7.17 below and summarised in **Appendix 1.**

7.7 The net surplus for the HRA account in 2022-23 is £7.76 million, which is significantly better than would have been the case under the previous redistributive regime. This surplus, however, makes no provision for the repayment of debt principal; in line with the approach set out in the HRA business plan approved by the Executive.

7.8 The HRA would still have an operating surplus even if we had made provision to repay the debt over the 30-year plan period. To repay the debt over the 30-year plan period a sum in the region of £6.4 million would need to be set aside from the operating surplus each year, reducing the level of available capital to invest to a figure in the region of £3.8 million. This is an overly simplistic representation designed to highlight the underlying surplus. It ignores the impact of any premium and discounts arising on the early redemption of debt, and more significantly the impact inflation would have on the debt, which is fixed in cash terms and would erode in real terms as the result of inflation.

7.9 Rental income from dwellings was £1.0 million (3%) below the estimated (Appendix 1). The service has seen rent loss due to voids but rent collection levels on occupied property remains good.

7.10 Employee related expenditure was £1 million lower than estimated and includes the in-year benefit of writing out accrued added years and pension strain costs.

7.11 The Direction on the Rent Standard 2019 required the Regulator of Social Housing to set a rent standard for social housing which came into effect from 2020, which was CPI +1% from the preceding September rate.

7.12 However, it was announced as part of the Autumn Statement 2022 by the Government that rent increases would now be capped at 7%. As part of the budget setting process the Council rather than adopting the directed cap, adopted a 5% rent cap.

7.13 Expenditure on the responsive and planned maintenance service within the HRA was more than the budget by £2.1 million or 133% (Appendix 1). The budget provides for both planned and responsive repairs, so an element of demand driven cost is inherent in the expenditure. The service has seen expenditure on void properties increase in 2022-23.

7.14 Total investment in the stock, including both revenue and capital funded maintenance and improvement works was £34.8 million.

7.15 Rent arrears remain at consistent low levels, in contrast to the overall housing sector, which is experiencing an increase in the level of arrears. Although several welfare reform changes have now taken effect, migration delay in the roll out of universal credit has deferred any potential impact on arrears levels. It was felt the level of bad debt provision was adequate, so no additional contribution was made in 2022-23. The budgeted contribution for 2022-23 was £0.1 million. This approach equates to a provision coverage ratio of 75%.

7.16 The table below sets out the outturn for the headline categories across the HRA. There is a large increase in support costs attributable to the HRA from the GF in the year, due to a review of the recharge's apportionment across the Council now the Future Guildford programme has been implemented. This will be further reviewed as we progress through the collaboration.

Account	Budget	Actual	Variance
	£000's	£000's	£000's
Employee related	3,993	3,384	(608)
Premises related	6,067	8,933	2,866
Supplies and services	1,506	1,439	(66)
Support services	1,626	2,588	963
Transport related	64	60	(4)
Expenditure	**13,255**	**16,405**	**3,150**
Income (including recharges)	(35,000)	(34,001)	998
Net Expenditure/(Income)	**(21,745)**	**(17,597)**	**4,148**
Comparison to net cost of services in Appendix 1			
Depreciation	5,525	6,427	902
Transfer from reserve: REFCUS		118	118
Transfer from reserve: Revaluation	0	(649)	(649)
Transfer from reserve: Intangible assets	0	15	15
Sub Total	**(16,220)**	**(11,686)**	**4,534**
Comparison to budgeted reserve contribution variance			
Investment income	(54)	(1,107)	(1,053)
Interest payable	5,052	4,799	(253)
REFCUS - Revenue funded from capital	75	0	(75)
HRA share of CDC	263	111	(152)
Transfer from reserve: Revaluation	0	649	649
Transfer from reserve: Intangible assets	0	(15)	(15)
Transfer from reserve: Pension contribution	0	(398)	(398)
Transfer from reserve: Income from sale of assets	0	(118)	(118)
Revenue funded from capital (REFCUS – specific item)	0	3	3
Total	**(10,884)**	**(7,762)**	**3,122**

Appendix 1 sets out the position across the main service areas in detail.

7.17 Right to Buy (RTB) sales and one-for-one receipts: Under the Government's one-for-one homes replacement scheme, for this year the Council can retain an element of the RTB capital receipt to invest in the provision of new dwellings (the amount retained in 2022-23 is shown in the table in paragraph 7.21 below).

7.18 A maximum of 40% of the overall cost of new home provision can be funded from the one-for-one receipts reserve. If the Council is unable to deliver new homes within the timeframe set by Government, the receipt must be returned with interest. As a result, the first source of funding for new homes provision will be the one-for-one receipt reserve, with the balance (60%) being funded from the new build reserve or the reserve for future capital.

7.19 Seventeen properties (with equity shares being 1.1) were sold under RTB in 2022-23. In relation to the number of properties held by the HRA. A continuation or acceleration in RTB sales, without the addition of new stock replacing RTB losses is a cause for concern. Over a sustained period, net stock losses will increase the fixed overhead costs attributable to each unit of stock. This would reduce our ability to generate operating surpluses to support our development programme.

7.21 A summary of RTB for 2022-23 is set out in the table below:

	£000's
Receipts in Year	3,932
Admin Costs	(25)
Gross receipts	**3,908**
Pooled in year	0
Net receipts before 141 repay	**3,908**
141 repaid to Govt	0
Total retained in 2022/23	**3,908**

Based on us selling 20 properties each year and budgeted spend of £18.2 million on provision of new housing by March 2025 we will not start having to repay 141 receipts until 2028-29.

Reconciliation of Spend to RTB	2022-23 £000	2023-24 £000	2024-25 £000	2025-26 £000	2026-27 £000	2027-28 £000	2028-29 £000	2029-30 £000
Value of receipts that will need surrending if no further spend	**0**	**0**	**0**	**0**	**2,871**	**3,328**	**3,279**	**2,782**
HIP Expenditure required to avoid RTB repayments	0	0	0	0	0	8,321	8,198	6,955
Forecast HIP Expenditure from the Approved Capital progra	(0)	20,194	7,847	400	0	0	0	0
Cumulative Expenditure forecast	6,048	26,242	34,089	34,489	34,489	34,489	34,489	34,489
Forecast additional receipts that will be used (c x 40%)	0	8,078	3,139	160	0	0	0	0
Cumulative additional receipts that will be used ((cumulative	**(0)**	**8,078**	**11,216**	**11,376**	**8,506**	**5,178**	**1,898**	**1,898**
Revised value of receipts that might need to be surrendered			0	0	0	0	0	0

Note - no repayment will be required in 2022-23 - based on 20 RTB sales and only including current expenditure -repayment will not be required in future years unless actual expenditure does not occur in line with forecast

7.22 **HRA capital programme**: the HRA approved capital programme had £52.9 million budget, with £24.5 million for major repairs, and £27 million for new dwellings, either by purchase or redevelopment. Actual spend was £26.3 million, £20.3 million on major repairs and £6 million on provision of new dwellings (£4.1 million purchases and £1.9 million mainly on the Guildford Park project). The provisional programme had £7.3 million budgeted on provision of new homes with £nil expenditure.

7.23 The council used £2.4 million of RTB 141 receipts towards the cost of the new dwellings, the rest of the capital expenditure being funded from reserves.

7.24 **Reserves:** The HRA holds several reserves each for a specific purpose. They allow the Council to fund peaks in future years' projected expenditure and will be a key funding source for the Council's development programme.

7.25 The table below shows the balance on each reserve at the start of 2022-23, along with the expenditure financed in year and the proposed transfers arising from the appropriation of the revenue surplus in 2022-23.

	Balance 01 April 2022	Transfer in 2022/23	Used in 2022/23	Balance 31 March 2023	Proposed transfer in 2022/23	Closing balance 31 March 2023
	£000's	£000's	£000's	£000's	£000's	£000's
Reserve for future capital works	40,829	0	(10,719)	30,110	2,500	32,610
New build reserve	63,788	0	(2,982)	60,806	5,261	66,067
Major Repairs Reserve (MRR)	9,588	0	(9,588)	0	6,427	6,427
Total Earmarked Reserves	**114,205**	**0**	**(23,289)**	**90,916**	**14,188**	**105,104**
Usable capital receipts (HRA Debt)	5,280	579	0	5,859	0	5,859
Usable capital receipts (1-4-1 receipts)	5,226	(2,372)	3,328	6,182	0	6,182
Usable capital receipts (housing and regeneration statutory) – Post 2013-14	50	645	(695)	(0)	0	(0)
Total Capital Receipts Reserves	**10,556**	**(1,148)**	**2,633**	**12,041**	**0**	**12,041**

7.26 **Use of operating surplus**: An operating balance of £2.5 million will be retained. This is a prudent approach and provides a degree of in-year flexibility.

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

7.28 With this in mind, officers are proposing that £5.26 million is transferred to the new build reserve.

7.29 It is critical that we properly maintain our asset base to secure future income streams. The major repairs reserve (MRR) is ring fenced for improvements to existing stock. Under the accounting code of practice, a charge equivalent to the annual depreciation charge is transferred into the Major Repairs Reserve which, for 2022-23, was £6.4 million.

7.30 If the level of depreciation charge exceeds the level of investment required in the existing stock, there will be an increased balance on the MRR, which could be used to repay debt. Any recommendation to repay debt would be considered in the context of an updated HRA business plan, as well as by treasury management considerations at that time each year.

7.31 As a result of changes in the legislative and regulatory framework particularly in connection with the housing stock and the health and safety of residents, the Council is reviewing the impact of these changes and it is expected that as result of these there will need to be a change to the current programme of work to reflect these issues. These will, however, be reported through the normal budgetary reporting framework.

8. Consultations

8.1. Officers have consulted the Leader of the Council and Lead Councillor for Finance and Property about the recommendations in this report.

9. Key Risks

9.1. The final accounts for 2022-23 have yet to be audited and may be subject to further change.

10. Financial Implications

10.1 The Local Government and Housing Act 1989 requires the Council to keep a HRA that records all revenue expenditure and income relating to the provision of council residential dwellings and related services as a separate ringfenced account. The use of this account is heavily prescribed by statute and the Council is not allowed to fund any expenditure for non-housing related services from this account.

10.2 Since April 2012, the HRA has operated independently of the previous national income redistributive system. The Council made a one-off payment to the Government of £194 million as part of the settlement, this was funded through a portfolio of loans from the Public Works Loan Board.

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

10.4 The business plan objectives are set out below:

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

10.5 The 2022-23 outturn being reported on reflected these objectives and priorities.

11. Legal Implications

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

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

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

11.3 The Code is based on International Financial Reporting Standards (IFRSs) and has been developed by the CIPFA/Local Authority Scotland Accounts Advisory Committee (LASAAC) Code Board under the oversight of the Financial Reporting Advisory Board (FRAB). It constitutes a proper accounting practice under the terms of section 21(2) of the Local Government Act 2003.

11.4 The unaudited Statement of Accounts are available on our website, and will be audited by our external auditors, Grant Thornton in due course. They will be presented to the Corporate Governance and Standards Committee for consideration and approval. Specifically, the role of the committee is to "review the annual statement of accounts with specific emphasis on whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the Council."

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

12. Human Resource Implications

12.1 There are no human resource implications.

13. Equality and Diversity Implications

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

14. Climate Change/Sustainability Implications

14.1 There are no direct climate/sustainability implications because of this report.

15. Summary of Options

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

16. Conclusion

16.1 The HRA delivered an operating surplus of £7.8 million. No provision for the repayment of debt principal is included in this figure.

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

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

17. Background Papers

HRA Budget Report 2022-23 and HRA Business Plan

Accounts and Audit (England) Regulations 2015

Code of Practice on Local Authority Accounting

Accounts and Audit (Coronavirus) (Amendment) Regulations 2020

18. Appendices

Appendix 1: 2022-23 HRA

Appendix 2: HRA Capital Programme

Housing Revenue Account 2022-23 - Outturn Report Account Summary

2020-21 Actual £000's	2021-22 Actual £000's	Analysis	2022-23 Budget £000's	2022-23 Actual £000's	2022-23 Variance £000's
		Borough Housing Services			
727	574	Income Collection	661	456	205
1,158	1,440	Tenants Services	1,322	1,933	(612)
125	92	Tenant Participation	168	68	100
99	83	Garage Management	104	84	19
20	19	Elderly Persons Dwellings	48	66	(17)
354	208	Flats Communal Services	490	631	(141)
453	406	Environmental Works to Estates	455	441	14
6,001	5,674	Responsive & Planned Maintenance	6,304	8,405	(2,101)
107	146	SOCH & Equity Share Administration	167	58	109
9,045	**8,642**		**9,718**	**12,142**	**(2,425)**
		Strategic Housing Services			
460	677	Advice, Registers & Tenant Selection	746	620	126
188	164	Void Property Management & Lettings	245	157	88
(61)	5	Homelessness Hostels	5	0	5
167	187	Supported Housing Management	168	512	(344)
484	354	Strategic Support to the HRA	982	396	586
1,238	**1,386**		**2,147**	**1,685**	**461**
		Community Services			
829	873	Sheltered Housing	829	1,399	(570)
		Other Items			
5,686	5,865	Depreciation	5,525	6,427	(902)
(175)	(1,174)	Revaluation	0	(649)	649
96	163	Other capital items	0	133	(133)
217	227	Debt Management	150	165	(15)
6	1,017	Other Items	411	1,013	(602)
16,942	**16,999**	**Total Expenditure**	**18,780**	**22,316**	**(3,536)**
(32,296)	(32,908)	Income	(35,000)	(34,001)	(998)
(15,354)	**(15,909)**	**Net Cost of Services (per inc & exp a/c)**	**(16,220)**	**(11,686)**	**(4,534)**
285	298	HRA share of CDC	263	111	152
(15,069)	**(15,611)**	**Net Cost of HRA Services**	**(15,957)**	**(11,575)**	**(4,382)**
(12)	(106)	Investment Income	(54)	(1,107)	1,053
4,902	4,880	Interest Payable	5,052	4,799	253
(10,178)	**(10,837)**	**(Surplus)/Deficit for Year on HRA Services**	**(10,959)**	**(7,883)**	**(3,076)**
0	0	REFCUS - Revenue funded from capital	75	0	75
(473)	(511)	Tfr (fr) to Pensions Reserve	0	(398)	398
0	0	Tfr (from)/to CAA re: Voluntary Revenue Provision	0	0	0
143	1,148	Tfr (from)/to CAA re: Revaluation	0	649	(649)
(65)	(136)	Tfr (from)/to CAA re: REFCUS	0	(118)	118
0	0	Tfr (from)/to CAA re: Intangible assets	0	(15)	15
(16)	(3)	Tfr (from)/to CAA re: rev. inc. from sale of asset	0	3	(3)
(10,589)	**(10,340)**	**HRA Balance before reserve transfers**	**(10,884)**	**(7,761)**	**(3,122)**
2,500	2,500	Contrib to/(Use of) RFFC	2,500	2,500	0
8,089	7,840	Contrib to/(Use of) New Build Reserve	8,384	5,261	3,122
0	**0**	**HRA Balance**	**0**	**0**	**(0)**
(2,500)	(2,500)	Balance Brought Forward	(2,500)	(2,500)	0
(2,500)	**(2,500)**	**Balance Carried Forward**	**(2,500)**	**(2,500)**	**(0)**

2020-21 Actual £000's	2021-22 Actual £000's	Analysis	2022-23 Budget £000's	2023-24 Actual £000's	2023-24 Variance £000's
		Borough Housing Services			
(30,507)	(30,507)	Rent Income - Dwellings	(31,608)	(31,101)	(507)
(212)	(68)	Rent Income - Rosebery Hsg Assoc	(69)	177	(246)
(323)	(466)	Rents - Shops, Buildings etc	(474)	(331)	(143)
(786)	(746)	Rents - Garages	(759)	(699)	(60)
(31,828)	**(31,786)**	**Total Rent Income**	**(32,909)**	**(31,953)**	**(956)**
(144)	(207)	Supporting People Grant	(210)	(177)	(33)
(1,136)	(1,128)	Service Charges	(1,148)	(1,118)	(30)
(29)	0	Legal Fees Recovered	0	(12)	12
(59)	(258)	Service Charges Recovered	(263)	(316)	54
(537)	(461)	Miscellaneous Income	(469)	(424)	(45)
(33,733)	**(33,841)**	**Total Income**	**(35,000)**	**(34,001)**	**(998)**

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GUILDFORD B.C. - HOUSING INVESTMENT PROGRAMME 2022-23 to 2027-28: HRA APPROVED PROGRAMME

	Project Budget £000	2021-22 Actual £000	Project Spend at 31-03-22 £000	2022-23 Estimate £000	Carry Forward	2022-23 Revised Estimate £000	Expenditure as at 07.03.23 £000	2022-23 Projected Outturn £000	2023-24 Estimate £000	2024-25 Estimate £000	2025-26 Estimate £000	2026-27 Estimate £000	2027-28 Estimate £000	Total Project Exp £000
Acquisition of Land & Buildings	22,900	6,804	14,218	4,800	(118)	4,682	4,165	4,165	4,524	0	0	0	0	22,906
New Build														
Guildford Park	75	0	75	0	0	0			0	0	0	0	0	75
Guildford Park (from GF)	6,500	378	3,526	1,100	608	1,708	1,766	1,766	1,209	0	0	0	0	6,500
Bright Hill	500	17	17	463	20	483	50	50	433	0	0	0	0	500
Foxburrows Redevelopment	10,657			9,591	0	9,591	0	0	9,591	1,066				10,657
Shawfield Redevelopment	300		4	296	0	296	0	0	296					300
Various small sites & feasibility/Site preparation	1,000		0	0	0	0	0	0	0	1,000	0	0	0	1,000
Pipeline projects:	9,425		115	0	100	100		0	3,741	5,381	0	0	0	9,425
Manor House Flats		42	42	1,530		1,530	20	20						
Banders Rise		1	1	130		130	5	5						
Station Road East		2	2	112		112	4	4						
Dunmore Garden Land		1	1	159		159	5	5						
Clover Road Garages		46	46	1,032		1,032	11	11						
Rapleys Field		18	18	415		415	11	11						
Georgelands 108		1	1	118		118	4	4						
27 Broomfield		4	4	109		109	5	5						
17 Wharf Lane		4	4	104		104	4	4						
Development Projects	7,100			7,100		7,100		0	7,100					7,100
Schemes to promote Home-Ownership								0						
Equity Share Re-purchases	annual	458	annual	400	0	400	0	0	400	400	400	0	0	annual
Major Repairs & Improvements				24,500	0	24,500		0	20,600					
Retentions & minor carry forwards	annual	0	annual				0	0						annual
Modern Homes - Kitchens, Bathroons & Void refurb	annual	971	annual				6,602	6,602						annual
Doors and Windows	annual	241	annual				908	908						annual
Structural/Roof	annual	307	annual				1,056	1,056						annual
Energy efficiency: Central heating/Lighting	annual	1,262	annual				1,948	1,948						annual
General	annual	880	annual				9,794	9,794						annual
ICT - Housing Management System	1,900			950		950		0	950	950				1,900
Grants														
Cash Incentive Scheme	annual	0	annual	0	0	0	0	0						annual
TOTAL APPROVED SCHEMES	**60,357**	**11,438**	**18,074**	**52,909**	**610**	**53,519**	**26,355**	**26,355**	**48,844**	**8,797**	**400**	**0**	**0**	**60,363**

GUILDFORD B.C. - HOUSING INVESTMENT PROGRAMME 2022-23 to 2027-28: HRA PROVISIONAL PROGRAMME

	Project Budget £000	2021-22 Actual £000	Project Spend at 31-03-22 £000	2022-23 Estimate £000	Carry Forward	2022-23 Revised Estimate	2022-23 Projected Outturn £000	2023-24 Estimate £000	2024-25 Estimate £000	2025-26 Estimate £000	2026-27 Estimate £000	2027-28 Estimate £000	Total Project Exp £000
New Build													
Guildford Park	16,000	0	1,225	26	0	26	0	0	0	14,775	0	0	16,000
Guildford Park (from GF)	23,125	0	0	0	0	0	0	1,173	13,749	8,203	0		23,125
Bright Hill	3,000	0	0	3,000	0	3,000	0	3,000	0	0	0	0	3,000
Bright Hill Development (from GF)	13,500	0	0	680	0	680	0	5,680	7,000	820	0	0	13,500
Slyfield (25/26 £5m; 26/27 £44m)	50,000	0	0	1,000	0	1,000	0	0	0	5,000	44,000	0	49,000
Shawfield Redevelopment	3,000	0	0	2,500	0	2,500	0	500	0	0	0	0	500
Major Repairs & Improvements													
Major Repairs & Improvements	annual		annual	0	0	0	0		5,500	5,500	5,500	5,500	annual
Retentions & minor carry forwards	annual		annual										annual
Modern Homes: Kitchens and bathrooms	annual		annual										annual
Doors and Windows	annual		annual										annual
Structural	annual		annual										annual
Energy efficiency: Central heating	annual		annual										annual
General	annual		annual										annual
Grants													
Cash Incentive Scheme	annual		annual	75		75	0	75	75	75	75	75	annual
Total Expenditure to be financed	**108,625**	**0**	**1,225**	**7,281**	**0**	**7,281**	**0**	**10,428**	**26,324**	**34,373**	**49,575**	**5,575**	**105,125**

GUILDFORD B.C. - HOUSING INVESTMENT PROGRAMME 2022-23 to 2027-28: HRA RESOURCES AND FUNDING STATEMENT

	2021-22 Actual £000	2022-23 Estimate £000	2022-23 Projected Outturn £000	2023-24 Estimate £000	2024-25 Estimate £000	2025-26 Estimate £000	2026-27 Estimate £000	2027-28 Estimate £000
EXPENDITURE								
Approved programme	15,739	52,909	26,355	48,844	8,797	400	0	0
Provisional programme	0	7,281	0	10,428	26,324	34,373	49,575	5,575
Total Expenditure	**15,739**	**60,190**	**26,355**	**59,272**	**35,121**	**34,773**	**49,575**	**5,575**
FINANCING OF PROGRAMME								
Capital Receipts	752	400	400	400	400	400	0	0
1-4-1 recepits	2,980	8,140	2,419	8,898	3,030	3,121	3,213	0
Contribution from Housing Revenue a/c (re cash incentives)	0	75	0	75	75	75	75	75
Future Capital Programme reserve	0	11,547	4,794	21,101	8,248	8,398	14,387	0
Major Repairs Reserve	8,153	13,903	15,113	6,450	5,500	5,500	5,500	5,500
New Build Reserve	3,824	26,125	3,629	22,348	16,918	17,279	26,400	0
Grants and Contributions	30	0	0	0	0	0	0	0
Total Financing (= Total Expenditure)	**15,739**	**60,190**	**26,355**	**59,272**	**34,171**	**34,773**	**49,575**	**5,575**

RESERVES - BALANCES	2021-22 Actual £000	2022-23 Estimate £000	2022-23 Projected Outturn £000	2023-24 Estimate £000	2024-25 Estimate £000	2025-26 Estimate £000	2026-27 Estimate £000	2027-28 Estimate £000
Reserve for Future Capital Programme (U0103! Ju								
Balance b/f	38,329	40,829	40,829	38,535	19,934	14,186	8,288	-3,599
Contribution in year	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500
Used in year	0	-11,547	-4,794	-21,101	-8,248	-8,398	-14,387	
Balance c/f	**40,829**	**31,782**	**38,535**	**19,934**	**14,186**	**8,288**	**-3,599**	**-1,099**
Major Repairs Reserve (U01036)								
Balance b/f	11,876	8,378	9,588	0	-925	-925	-925	-925
Contribution in year	5,865	5,525	5,525	5,525	5,500	5,500	5,500	5,500
Used in Year	-8,153	-13,903	-15,113	-6,450	-5,500	-5,500	-5,500	-5,500
Balance c/f	**9,588**	**0**	**0**	**-925**	**-925**	**-925**	**-925**	**-925**
New Build Reserve (U01069)								
Balance b/f	59,383	62,477	63,398	66,843	52,878	44,511	35,954	18,450
Contribution in year	7,839	8,383	7,074	8,383	8,551	8,722	8,896	9,074
Used in Year	-3,824	-26,125	-3,629	-22,348	-16,918	-17,279	-26,400	0
Balance c/f	**63,398**	**44,735**	**66,843**	**52,878**	**44,511**	**35,954**	**18,450**	**27,524**

Usable Capital Receipts: 1-4-1 receipts (T01011)

Balance b/f	4,526	5,412	5,226	6,018	-3	49	102	157
Contribution in year	3,680	2,728	3,211	2,876	3,083	3,174	3,268	3,334
Repayment in year	0	0	0	0	0	0	0	0
Used in Year	-2,980	-8,140	-2,419	-8,898	-3,030	-3,121	-3,213	
Balance c/f	**5,226**	**0**	**6,018**	**-3**	**49**	**102**	**157**	**3,491**

Note: a contribution to this reserve is dependent on the number of RTB sales in the year determined in the HRA self financing model. There are many variables to the calculation of the 1:4:1 contribution. As an estimate, I have used a model provided by Sector which is based on our assumption of RTB sales

Usable Capital Receipts - HRA Debt Repayment (T01010)

Balance b/f	4,262	4,308	5,280	6,123	6,845	7,629	8,439	9,274
Contribution in year	1,017	661	843	722	784	810	836	862
Used in Year	0	0	0	0	0	0	0	0
Balance c/f	**5,280**	**4,969**	**6,123**	**6,845**	**7,629**	**8,439**	**9,274**	**10,137**

Note: each RTB sale generates a contribution to this reserve toward debt repayment determined in the HRA self financing model. A small number of sales are anticipated each year.

Usable Capital Receipts - pre 2013-14 (T01008)

Balance b/f	0	0	0	0	0	0	0	0
Contribution in year	0	0	0	0	0	0	0	0
Used in Year (HRA = above)	0	0	0	0	0	0	0	0
Used in Year (GF Housing Co)	0	0	0	0	0	0	0	0
Used in Year (GF Housing - DFG)	0	0	0	0	0	0	0	0
Balance c/f	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

Note: Can only be used for HRA capital expenditure, affordable housing and regeneration schemes as set by GBC policy

Usable Capital Receipts - post 2013-14 (T01012)

Balance b/f	0	0	50	348	360	371	383	395
Contribution in year	802	289	298	301	304	307	310	313
Used in Year (HRA = above)	-752	-69	0	-189	-72	-75	-78	-78
Used in Year (GF Housing)	0	-220	0	-100	-220	-220	-220	-220
Balance c/f	**50**	**0**	**348**	**360**	**371**	**383**	**395**	**410**

Note: Can only be used for HRA capital expenditure, affordable housing and regeneration schemes as set by the Government

Guildford Borough Council

Report to: Executive
Date: 23 November 2023
Ward(s) affected: All Wards
Report of Director: Transformation & Governance
Author: Vicky Worsfold
Tel: 01483 444834
Email: Victoria.worsfold@guildford.gov.uk
Lead Councillor responsible: Richard Lucas
Tel: 07834 020422
Email: Richard.lucas@guildford.gov.uk
Report Status: Open

General Fund Revenue Outturn Report 2022-23

1. Executive Summary

General Fund revenue account

1.1 Overall, the outturn for 2022-23 on the General Fund was £6.49 million more than originally budgeted, which will be financed from the Medium-Term Financial Plan reserve. The Chief Financial Officer, in consultation with the Leader of the Council and the Lead Councillor for Finance and Property, has delegated authority to deal with the overspend and transfer the necessary resources from the reserve set out above.

1.2 The general fund summary is set out at Appendix 1 and the report sets out the major reasons for the variance.

1.3 Our net income from interest receipts is £915,000 more than estimated and the minimum revenue provision (MRP) for debt repayment is £5,000 higher than estimated.

1.4 During the accounts closure process, a number of adjustments were made following a review of the balance sheet, these are detailed in paragraph 7.11 below.

Earmarked Reserves

1.5 Historically the Council held many reserves for specific purposes. For 2022-23 all reserves that were held for internal policy reasons have been merged into the Medium-Term Financial Plan Reserve. There are still some specific reserves, but these have been kept to a minimum.

Collection Fund

1.6 The business rates balance on the collection fund is particularly susceptible to movements in the number and values of appeals businesses have made against their rateable values. We have no control over these appeals and have limited information from the Valuation Office to help us assess the potential impact.

1.7 The Collection Fund revenue account for the year is set out in Appendix 2. There is an overall deficit on the Collection Fund of £1.735 million. The Council's share of the deficit is £0.694 million which will be recovered from the general fund in 2023-24.

1.8 The outturn position will be included in the Statement of Accounts which will be signed by the Chief Financial Officer and subsequently be audited by Grant Thornton. This Committee will review the audited statement of accounts.

1.9 This report will also be considered by the Corporate Governance & Standards Committee at its meeting on 16 November. The Committee's comments/recommendations will be included on the Supplementary Information Sheet for consideration by the Executive.

2. Recommendation to Executive:

2.1 That the Executive notes the final outturn position and endorses the decisions taken under delegated authority to transfer the amounts set out above from the Medium-Term Financial Plan reserve.

3. Reasons for Recommendation:

3.1 To note the final outturn position and delegated decisions taken by the Chief Financial Officer which will be included in the statutory accounts.

3.2 To facilitate the ongoing financial management of the Council.

4. Exemption from publication

4.1 No.

5. Purpose of Report

5.1 This report gives the final position on the General Fund revenue account and Collection Fund for the 2022-23 financial year and explains the major variances from the General Fund revised estimate and the adjustments made in the accounts as a result of the balance sheet review.

5.2 The outturn position on the General Fund Capital Programme and the Housing Revenue Account has been included in separate reports within the agenda papers.

6. Strategic Priorities

6.1 Good financial management underpins the achievement of the council's strategic framework.

7. Background

7.1 This report sets out the final position on two revenue accounts - the General Fund Revenue Account and Collection Fund. The impact of the final position has been reported in the unaudited statutory statement of accounts available on our website.

General Fund Revenue Account

7.2 The overall variance on the General Fund is net expenditure £6.49 million greater than budget. The table below summarises the overall position on the General Fund. The figures exclude various accounting adjustment items such as capital charges, International Accounting Standard 19 (IAS 19) adjustments relating to Pension Funds, and other items that do not have any effect on the Council's net budget. The service unit figures include budgeted and actual contributions to service-related earmarked reserves where appropriate. A summary is set out below, and a detailed subjective summary by directorate is shown in Appendix 3.

7.3 This arises from four main areas: the Directorates, net external interest received, Business Rates and Government grants.

	Revised Estimate	Actual	Variance to rev est
	2022-23	**2022-23**	**2022-23**
	£000	**£000**	**£000**
Directorate Level Expenditure (excluding depreciation, capital charges and statutory adjustments. Major variances by directorate are explained in Appendix 2)	9,127	22,171	13,044
Transfers to reserves (included in Directorate expenditure)	2,133	(1,060)	(3,193)
Directorate Level Expenditure (excluding depreciation, capital charges and reserve transfers)	**11,260**	**21,111**	**9,851**
Net interest receivable	(497)	(1,412)	(915)
Minimum Revenue Provision	1,545	1,550	5
Business rates retention scheme - net position after transfer to business rates equalisation reserve	(710)	(2,635)	(1,925)
New Homes Bonus	0	(717)	(717)
Transition grant and s31 council tax grant	(574)	(383)	191
Collection Fund Council Tax (surplus) / Deficit	(125)	(125)	0
TOTAL net budget (excl parish precepts)	**10,899**	**17,389**	**6,490**

Directorates

7.4 Services excluding capital charges are overspent by £13 million. Pension adjustment (IAS19) shows as expenditure in services and reversed out in reserves. Without the pension charge, services would be £8 million over budget.

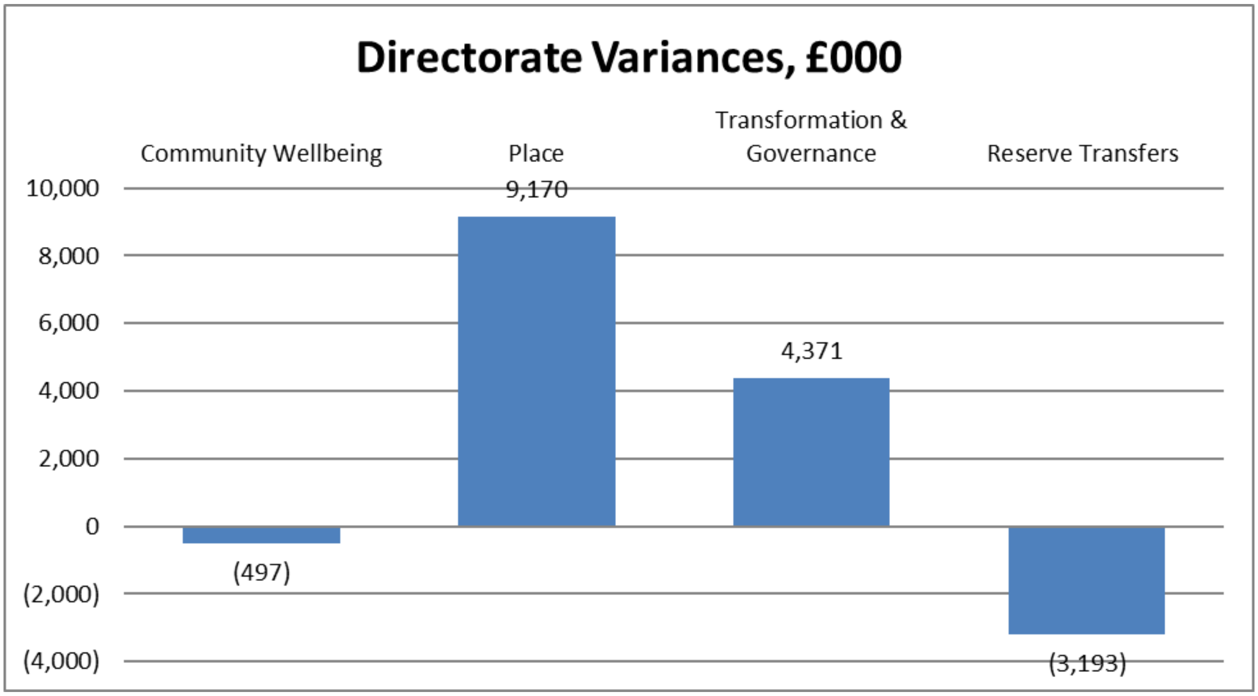
7.5 By account or spend type, the variances are: Staffing expenditure on consultants, agency, casual staff and overtime contributed £5.2 million to the overspend. This is broken down in the table below. These areas were highlighted to members of the Corporate Governance and Standards Committee when reporting on the January 2023 position and have worsened since.

	Revised Budget (£)	Final Outturn (£)	Variance (£)
Consultancy	494,338	3,137,052	2,642,714
Agency Staff	961,180	2,863,978	1,902,798
Casual Staffing	222,788	507,263	284,475
Overtime	581,624	942,356	360,732
Totals	**2,259,930**	**7,450,649**	**5,190,719**

7.6 As explained to the Corporate Governance and Scrutiny Committee at its meeting on 15 March 2023, several services have been operating on more than their budgeted staffing capacity during the year. The majority of these overspends are due to ongoing capacity challenges not addressed in the Future Guildford programme (or consequential of the implementation) and should have been addressed either within existing budget or through the Scheme of Virement and Supplementary Estimates within the Financial Procedure Rules prior to being incurred. The use of agency and consultancy staff is appropriate where there is a need for short term capacity or one-off use of specialist skills. Unavoidable cost pressures have been included in the 2023-24 budget.

7.7 The impact of inflationary increases has impacted the Council especially the increased costs of utilities, this was £2.65 million (41%) greater than originally budgeted for. Much of this pressure came from our Leisure Services where spending was £1.66 million greater than budgeted for.

7.8 The differences in each directorate as show in the chart below.



7.9 The £4.7 million write back to the General Fund (para 7.11) is shown in the directorates over spend in this table, as they are a cost to services. This with the £5.19 million above identifies £9.9 million of the directorate over spend position.

7.10 The overspend in directorates is offset by a net increase from reserves of £3.19 million giving a total over spend of £9.8 million.

Changes during year end as result of balance sheet review

7.11 As a result of a comprehensive balance sheet review during the 2022-23 closing process, there were a number of changes which resulted in a £4.7 million impact on the General Fund. The key items were:

Item	Amount	Comment
North Downs Housing accrued interest bad debt provision	£2.85 million	Interest was rolled up for the first 5 years to the loan, given the uncertainty in the company, it was felt prudent to include a bad debt provision for the interest
Bad debt for caravan sites	£500,000	Bad debt revised based on arrears in the system
Creditor balance being held on balance sheet from new system implementation in error	£1 million	Should have been cleared in previous years.
BEIS Government grants to be removed	£980,000	Relates to previous years treatment of grants
Treasury management adjustment to balance sheet	£90,000	Error in calculation on maturity of investment in previous years
Adjustment to level of HB debt in bad debt provision	(£390,000)	Provision calculation included duplicated debts
Provision for holiday pay	(£243,000)	Double count as also in unusable reserves
Other smaller adjustments	(£87,000)	Favourable to the General Fund

7.12 The CFO has proposed to use the Medium-Term Financial Plan reserve to balance the general fund.

Net external interest

7.13 The weighted average interest rate achieved on our investment portfolio was 1.62% against a budget of 1.69%. We had higher balances than we estimated when we set the budget and therefore interest received (after paying interest on external loans) was £622,000 higher. The higher balances come from having more cash than estimated at the start of the year due to slippage in the 2021-22 capital programme.

7.14 The General Fund pays interest to the Housing Revenue account (HRA) on its balances. The 2022-23 interest to the HRA was £1.9 million higher than budgeted, due to the increase in interest rates. Overall, net interest received by the General Fund was £914,890 more than estimated.

7.15 The Council has been capitalising debt interest on loans taken out for the WUV project to the project. As part of the financial recovery plan, a review with the intention to apply interest to all non BAU capital schemes has taken place and will be discussed with the auditors with the view to applying the change to 2022-23.

Minimum Revenue Provision (MRP)

7.16 MRP is a charge to the revenue account for unfinanced capital expenditure. The 2022-23 budget was based on the estimated capital-financing requirement (CFR) at the end of the previous year (31 March 2022) of £245 million with MRP at £1.545 million. The actual General Fund CFR at 31 March 2022 was £157 million, which generated a minimum revenue provision of £1.55 million. The difference between the two CFR figures was, in the main, the WUV project, where we are not currently charging MRP.

Business Rates

7.17 The business rates retention position was balanced back to the Settlement Funding Assessment (SFA) by way of the following two key adjustments. The Council received £4.8 million less in s31 grant, but instead of paying a levy to the Government of £2 million, we went into safety net of £2.27 million, almost offsetting the discount.

Business Rates Retention Summary [zero impact]	**Revised Budget**	**2022-23**	**2022-23**
		Actual	**Variance**
		£0	**£0**
BRRS – tariff	31,844	31,844	0
Business Rates levy payment to MHCLG	2,028	(2,544)	4,572
BRRS - equalisation reserve transfer	(9,391)	(9,598)	207
	24,481	**19,702**	**4,779**
BRates Collection fund deficit	8,270	8,270	0
BRRS - s31 grant	(8,171)	(3,077)	(5,095)
BRRS - retained income	(27,508)	(27,508)	0
BRRS - net position	**(2,928)**	**(2,612)**	**(316)**

Government grants

7.18 We had budgeted £573,871 of government grant and received £382,998 - £14,760 new burdens grant, £202,351 one off revenue support grant and £165,887 Covid 19 funding.

Earmarked reserves

7.19 The majority of transfers to and from reserves are opposite accounting entries to either Revenue Contributions to Capital Outlay (RCCO) or items within the service accounts (and therefore do not affect the overall position). The transfers that are not service related and affect the total net expenditure that were included in the 2022-23 budget are:

- New Homes Bonus (NHB) reserve; £766,000 received in year, which was spent on £687,000 Shaping Guildford's Future feasibility costs, and £30,000 towards crowdfunding.

7.20 It was decided to review the Council's earmarked reserves and merge all that were not due to be held for a specific purpose into a new reserve called the Medium-Term Financial Plan Reserve.

7.21 A summary of the reserves can be seen in the following table:

General Fund Reserves	**Balance at 31 March 2023 £000**
MTFP	-4,277,712
Carried Forward Items	-870,238
ICT Renewals	-1,894,367
Insurance	-500,000
Spectrum	-773,352
Car Parks Maintenance	-2,330,540
Business Rates equalisation	-2,930,539
Special Protection Areas (SPA) sites	-13,588,745
BR Covid ongoing	-330,462
Other reserves	-1,361,017
TOTAL	**-28,856,972**

All reserves other than the MTFP reserve are earmarked for specific purposes.

Collection Fund

7.22 Appendix 2 shows the final figures for the Collection Fund. Council tax and non-domestic rates are shown separately.

7.23 The overall balance carried forward on the Collection Fund Revenue Account, is a deficit of £1.735 million. In relation to business rates the deficit is shared between the relevant major preceptors and Central Government as part of setting the 2023-24 budget.

Business rates

7.24 The overall deficit on the Business Rates element of the Collection Fund has reduced by £23 million (surplus in year) to £1.5 million at 31 March 2023. This deficit, adjusted for any difference between estimate and projected outturn in 2022-23, will feed into the General Fund, as a cost, in 2023-24. The use of the Business Rates Equalisation reserve enables us to manage the impact of these in-year movements, as shown in the table above.

Council tax

7.25 The deficit on the Council Tax element of the Collection Fund for the year was £2.2 million, offsetting the brought forward surplus, resulting in a small deficit overall of £213,000 at 31 March 2023.

8. Consultations

8.1. Officers have consulted the Lead Councillor for Finance and Property about the recommendations in this report.

9. Key Risks

9.1. The final accounts for 2022-23 have yet to be audited and may be subject to further change.

10. Financial Implications

10.1. Financial implications have been included in the relevant paragraphs of this report.

11. Legal Implications

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

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

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

11.3. The Code is based on International Financial Reporting Standards (IFRSs) and has been developed by the CIPFA/Local Authority Scotland Accounts Advisory Committee (LASAAC) Code Board under the oversight of the Financial Reporting Advisory Board (FRAB). It constitutes a proper accounting practice under the terms of section 21(2) of the Local Government Act 2003.

11.4. The unaudited accounts are available on the website. Our external auditors, Grant Thornton will then audit the accounts before they are presented to the Corporate Governance and Standards Committee for consideration and approval when the audit has been completed. Specifically, the role of the committee is to “review the annual statement of accounts with specific emphasis on whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the Council”.

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

12. Human Resource Implications

12.1. There are no human resources implications.

13. Equality and Diversity Implications

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

14. Climate Change/Sustainability Implications

14.1. There are no direct climate/sustainability implications as a result if this report.

15. Summary of Options

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

16. Conclusion

16.1. 2022-23 has been a challenging year influenced heavily by external factors. This has resulted in a significant overspend which will resolved by using funds from the Medium-Term Financial Plan reserve.

17. Background Papers

17.1. General Fund Budget 2022-23 and Medium-Term Financial Plan 2023-24 to 2025-26

18. Appendices

Appendix 1 – General Fund Summary

Appendix 2 – Collection Fund

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GENERAL FUND SUMMARY 2022 - 2023

Unaudited Actual 2021-22 £	GENERAL FUND SUMMARY	Original Estimate 2022-23 £	Latest Estimate 2022-23 £	Projected Outturn 2022-23 £
0	Community Wellbeing	-	16,226,837	16,175,185
0	Place	-	(2,953,960)	14,353,479
0	Transformation and Governance	-	4,644,395	14,814,476
(1,019,409)	Strategy Directorate	1,207,529	0	0
25,036,759	Services Directorate	13,416,241	0	0
4,867,173	Resources Directorate	3,973,104	0	0
28,884,523	**Total Directorate Level**	**18,596,874**	**17,917,272**	**45,343,140**
	Growth to be allocated to services	896,637	0	0
	Savings to be allocated to services	(1,576,241)	0	0
(8,445,497)	Depreciation & capital charges (contra to Service Unit Budgets)	(8,790,570)	(8,790,570)	(23,172,363)
	Annual leave accrual	0	0	245,844
(7,214,174)	Pensions reserve (Statutory)	0	0	(5,263,186)
13,224,852	**Directorate Level excluding depreciation**	**9,126,700**	**9,126,702**	**17,153,434**
(1,638,048)	External interest receivable (net)	(551,090)	(551,090)	(2,518,979)
105,900	Interest payable to Housing Revenue Account	53,930	53,930	1,106,929
1,380,501	Minimum Revenue Provision	1,545,213	1,545,213	1,550,272
(2,477,024)	Fund mvt in fair value	0	0	2,035,151
1,078,101	Statutory override	0	0	(1,847,951)
(15,252)	Revenue income from sale of assets	0	0	(7,948)
	Revenue Contributions to Capital Outlay (RCCO)			
	Met from: Capital Schemes reserve	0	0	0
1,608,695	Other reserves	1,008,000	1,008,000	2,408,915
0	General Fund	0	0	0
13,267,725	**Total before transfers to and from reserves**	**11,182,753**	**11,182,755**	**19,879,823**
	Transfers to and from reserves			
	Capital Schemes reserve			
0	*Funding of Revenue Contribution to Capital Outlay*	0	0	0
	Contribution in year			
0	Budget Pressures reserve	0	0	0
4,422	Business Rates Equalisation reserve	(7,412,230)	(7,412,230)	(9,619,229)
(585,103)	Car Park Maintenance reserve	(333,000)	(333,000)	(650,735)
61,268	Election Costs reserve	62,500	62,500	47,690
17,010	Insurance reserve	0	0	(48,000)
860,144	IT Renewals reserve	543,000	543,000	490,254
(1,612,329)	Invest to Save reserve	433,086	433,086	(127,345)
(725,712)	New Homes Bonus reserve	766,155	766,155	49,000
24,567	Energy Management reserve	0	0	(197,637)
(1,874)	On Street Parking reserve	0	0	239,149
0	Recycling reserve	0	0	0
(78,490)	Spectrum reserve	196,472	196,472	(1,160,018)
0	Carry Forward Items	0	0	318,510
(10,278,048)	Covid reserve	0	0	0
2,087,070	Other reserves	222,700	222,700	2,457,254
3,040,649	**Total after transfers to and (from) reserves**	**5,661,435**	**5,661,438**	**11,678,714**
	Business Rates Retention Scheme payments			
31,843,510	Business Rates tariff payment	31,843,510	31,843,510	31,843,510
341,438	Business Rates levy payment to MHCLG	2,027,678	2,027,678	183,000
0	Business Rates Safety net from MHCLG	0	0	(2,727,254)
	Non specific government grants			
(19,131,050)	s31 grant re BRR scheme	(7,930,751)	(7,930,751)	(3,076,563)
0	SFA multiplier compensation	(240,621)	(240,621)	0
8,861,357	s31 grant re council tax	0	0	0
0	New Burdens grant	0	0	(14,760)
0	RSG	0	0	(202,351)
(654,561)	COVID Funding	0	0	(165,887)
(245,505)	Other government grant	(333,250)	(333,250)	0
(192,251)	New Homes Bonus grant	(766,155)	(766,155)	(766,155)
23,863,587	**GUILDFORD BOROUGH COUNCIL NET BUDGET**	**30,261,846**	**30,261,849**	**36,752,255**
1,935,225	Parish Council Precepts	2,029,250	2,029,250	2,029,250
25,798,812	**TOTAL NET BUDGET**	**32,291,096**	**32,291,099**	**38,781,505**
(33,737,000)	Business Rates - retained income	(27,507,851)	(27,507,851)	(27,507,851)
20,120,077	Collection Fund Deficit - Business Rates	8,269,772	8,269,772	8,269,772
(30,274)	Collection Fund Surplus - Council Tax	(125,455)	(125,455)	(125,455)
12,151,615	**COUNCIL TAX REQUIREMENT**	**12,927,562**	**12,927,565**	**19,417,971**
	Projected (under)/over spend			**6,490,406**

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Appendix 2

Collection Fund 2022-23

Revenue Account

2021-22 £000 Council Tax	2021-22 £000 Business Rates		2022-23 £000 Council Tax	2022-23 £000 Business Rates
		INCOME		
	66,844	Income from Business Ratepayers - Note 2		75,909
120,375		Council Taxes	127,555	
34		Transfer for Transitional Relief, S13A(1)(C) Reliefs	47	
		Distribution of prior year estimated deficit:		
	25,150	Central Government		10,337
-	5,030	Surrey County Council	-	2,067
-		Surrey Police & Crime Commissioner	-	
-	20,120	Guildford Borough Council	-	8,270
120,409	117,144	Total Income	127,602	96,583
		EXPENDITURE		
		Precepts		
88,544		Surrey County Council	94,877	
16,323		Surrey Police and Crime Commissioner	17,242	
12,328		Guildford Borough Council	12,928	
		Payment of Business Rates shares:		
	42,159	Central Government		34,385
	8,431	Surrey County Council		6,877
	33,727	Guildford Borough Council		27,508
	625	Transitional Protection payments		1,386
	222	Charge to General Fund for collecting NDR		220
- 957		Provision for council tax bad debts	- 887	
	800	Provision for business rates bad debts		400
	- 4,201	Provision for business rates appeals		2,768
		Distribution of prior year estimated surplus:		
		Central Government		
		Surrey County Council	904	
		Surrey Police and Crime Commissioner	164	
		Guildford Borough Council	125	
116,238	81,763	Total Expenditure	125,353	73,544
		COLLECTION FUND BALANCE		
2,135	59,942	Balance at the beginning of the year	- 2,036	24,561
- 4,171	- 35,381	(Surplus)/deficit for the year	2,249	- 23,039
- 2,036	24,561	Balance at the end of the year	213	1,522

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Guildford Borough Council

Report to: Executive/Council

Date: 23 November 2023 / 5 December 2023

Ward(s) affected: All

Report of Director for Transformation & Governance

Author: Carrie Anderson

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Lead Councillor responsible: Merel Rehorst-Smith

Tel: 01483 610581

Email: merel.rehorst-smith@guildford.gov.uk

Report Status: Open

Timetable of Council and Committee Meetings: 2024-25

1. Executive Summary

1.1 This report sets out a draft timetable of committee meetings for the next municipal year. The Council is asked to consider whether the draft timetable is appropriate to deliver the business of the Council and, if so, to adopt the draft timetable.

1.2 In addition, the Council is asked to delegate authority to the Executive Head of Legal and Democratic Services to approve future Council and committee meeting timetables in consultation with the Leader of the Council, as is the case at Waverley Borough Council.

2. Recommendation to Executive/Council

2.1 The Executive is asked to review the draft timetable at Appendix 1 and recommend its approval by Council on 5 December 2023.

2.2 The Council is asked to agree:

(1) That the timetable of Council and Committee meetings for the 2024-25 municipal year, attached as Appendix 1, be approved.

(2) That the Executive Head of Legal & Democratic Services be authorised, in consultation with political group leaders, to approve the Timetable of Council and Committee Meetings in future years.

3. Reason for Recommendation:

3.1 To assist with the preparation of individual committee work programmes.

4. Exemption from publication

None.

5. Purpose of Report

5.1 To adopt a timetable of Council and Committee meetings for the 2024-25 municipal year.

6. Strategic Priorities

6.1 Adoption of a timetable of meetings will enable key decisions to be programmed that will assist in working towards the delivery of the Council's vision and mission as set out in the adopted Corporate Plan.

7. Main Considerations

7.1 A draft timetable of meetings for the 2024-25 municipal year is attached as **Appendix 1** for the Council's consideration.

8. Consultations

8.1 We have consulted with the Corporate Management Board, Executive Heads of Service, and political group leaders. Also, Waverley Borough Council, so as to avoid, as far as possible, diary conflicts for our Joint Management Team.

9. Key Risks

9.1 There are no significant risks arising directly from this report.

10. Financial Implications

10.1 There are no financial implications arising directly from this report.

11. Legal Implications

11.1 In accordance with the Local Government Act 1972 (as amended), the Council is required to give public notice of meetings of the Council and its committees. Approval of our timetable of meetings for the next municipal year will enable us to publish the dates of these meetings at the Council offices and on the website well in advance.

12. Human Resource Implications

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

13. Equality and Diversity Implications

13.1 There are no equalities and diversity implications arising directly from this report.

14. Climate Change/Sustainability Implications

14.1 There are no climate change/sustainability implications arising directly from this report.

15. Summary of Options

15.1 To adopt or revise the draft timetable.

16. Appendices

Appendix 1: Draft Timetable of meetings for 2024-25.

Draft Timetable of Council and Committee Meetings for the 2024-25 Municipal Year

	Council Tue 7pm	Executive Thu 6pm	Overview & Scrutiny Tue 7pm	Corporate Governance & Standards Thu 7pm	Resources EAB Mon 7pm	Community EAB Thu 7pm	Joint EAB Mon 7pm	Planning Wed 7pm	Licensing Wed 7pm
May-24	8, 13	16				9		22	15
Jun-24		13	4	6	10			12	
Jul-24	23	11	9	25		4		10	24
Aug-24		8			5			7	
Sep-24		5	10	26		12		4	25
Oct-24	8	3, 31			7			2, 30	
Nov-24		28	12	14		7		27	20
Dec-24	3				2				
Jan-25		2, 30	14	23		16	6	8, 29	15
Feb-25	5, 26	27			3			26	
Mar-25		27	4	20		13		26	12
Apr-25		24			7			23	
May-25	7, 12	22						21	

Notes:

Annual Council meeting at 12 noon on Wednesday 8 May 2024 and Wednesday 7 May 2025

Selection Council meeting on Monday 13 May 2024 and 12 May 2025 to agree terms of reference and composition of, and make appointments to, committees.

Budget Council meeting on Wednesday 5 February 2025

Reserve date for Budget Council meeting on Wednesday 26 February 2025 if Surrey Police & Crime Panel vetoes the Police & Crime Commissioner's precept for 2025-26

School term dates: 02-Sep-24; 28 October to 1 November 2024 (Half Term); 20-Dec-24. Spring term 2025: 06-Jan-25; 17 February to 21 February 2025 (Half Term); 04-Apr-25. Summer Term 2025: 22-Apr-25; 26 May to 30 May 2025 (Half Term); 22-Jul-25.

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