

GUILDFORD BOROUGH COUNCIL



**MIAH
MAYOR**

Contact Officer:

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

27 November 2023

To the Councillors of Guildford Borough Council

You are hereby summoned to attend a meeting of the Council for the Borough of Guildford to be held in the **Council Chamber, Millmead House, Millmead, Guildford, Surrey GU2 4BB** on **TUESDAY 5 DECEMBER 2023** commencing at 7.00 pm.

Tom Horwood
Chief Executive

Millmead House
Millmead
Guildford
Surrey GU2 4BB

www.guildford.gov.uk

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 Democratic Services.

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:

Homes and Jobs

- 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

Environment

- 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

Time limits on speeches at full Council meetings:	
Public speaker:	3 minutes
Response to public speaker:	3 minutes
Questions from councillors:	3 minutes
Response to questions from councillors:	3 minutes
Proposer of a motion:	10 minutes
Seconder of a motion:	5 minutes
Other councillors speaking during the debate on a motion:	5 minutes
Proposer of a motion's right of reply at the end of the debate on the motion:	10 minutes
Proposer of an amendment:	5 minutes
Seconder of an amendment:	5 minutes
Other councillors speaking during the debate on an amendment:	5 minutes
Proposer of a motion's right of reply at the end of the debate on an amendment:	5 minutes
Proposer of an amendment's right of reply at the end of the debate on an amendment:	5 minutes

AGENDA

- 1. APOLOGIES FOR ABSENCE**
- 2. DISCLOSURES OF INTEREST**

To receive and note any disclosable pecuniary interests from councillors. 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 9 - 38)**

To confirm the minutes of the meeting of the Council held on 10 October 2023.

- 4. MAYOR'S COMMUNICATIONS**

To receive any communications or announcements from the Mayor.

5. LEADER'S COMMUNICATIONS

To receive any communications or announcements from the Leader of the Council.

6. PUBLIC PARTICIPATION

To receive questions or statements from the public.

7. QUESTIONS FROM COUNCILLORS

To hear questions from councillors of which due notice has been given.

8. CAPITAL AND INVESTMENT OUTTURN REPORT 2022-23

(Pages 39 - 126)

9. MEDIUM TERM FINANCIAL PLAN (MTFP) AND FINANCIAL RECOVERY PLAN - NOVEMBER UPDATE REPORT (Pages 127 - 146)

10. REVIEW OF COUNCILLORS' ALLOWANCES 2023 (Pages 147 - 212)

11. REVIEW OF POLLING DISTRICTS AND POLLING PLACES 2023 (Pages 213 - 236)

12. TIMETABLE OF COUNCIL AND COMMITTEE MEETINGS 2023-24 (Pages 237 - 242)

13. MINUTES OF THE EXECUTIVE (Pages 243 - 246)

To receive and note the attached minutes of the meeting of the Executive held on 5 October 2023.

14. NOTICE OF MOTION DATED 23 NOVEMBER 2023: ANTI-SEMITISM AND ISLAMOPHOBIA

In accordance with Council Procedure Rule 11, Councillor James Walsh to propose, and Councillor Howard Smith to second the following motion:

“Recent figures released by the Community Security Trust (CST) and Tell MAMA reveal that cases of antisemitism and Islamophobia are on the increase in the UK, fuelled by events in the Middle East.

Between 7 October and 9 November, for example, Tell MAMA reported 701 cases of anti-Muslim behaviour across the country - a sevenfold increase in Islamophobic attacks on the same period in 2022. The CST also reported the highest number of cases of antisemitic attacks since their records began in 1984, with 1,019 cases recorded between 7

October and 3 November.

Recent incidents of antisemitism have been reported here in Guildford with some individuals and families having already left the borough, planning to leave the borough in the near future, or living under protection as a result. Local representatives of the Jewish community Guildford have stated that the situation is “unprecedented” and reflects growing and unacceptable intolerance and division in national and international society.

The Labour Group believes that we must unite against the forces that seek to divide communities and sow division and hatred between people from different backgrounds or who share different faiths or beliefs. It believes that tolerance, understanding and respect are cornerstones of democracy and that violence, intolerance and prejudice only serve to corrode them. Therefore, it asks that:

- (1) The Council be reminded of its resolution dated 12 July 2016 and reaffirmed on 11 April 2017 condemning racism, xenophobia and hate crimes, as follows:

“We are proud to live in a diverse and tolerant society. Racism, xenophobia and hate crimes have no place in our country. Guildford Borough Council condemns racism, xenophobia and hate crimes unequivocally. We will not allow hate to become acceptable. We are pleased to note the strong stance that Surrey Police have taken against these issues.

Guildford Borough Council will work to ensure local bodies and programmes have support and resources needed to fight and prevent all these anti-social acts, and reassures all people living in Guildford borough that they are valued and welcome members of our community.”

- (2) The Council condemns all forms of discrimination, intolerance and division that some in our communities are facing and pledges to work together with partners, including Surrey Police and faith/religious organisations, to address issues and provide reassurance as it is made aware of them.
- (3) The Council condemns antisemitism in all of its forms and regrets the incidents that have been reported in Guildford in recent months. It pledges to work with partners and local communities to address areas of concern and provide

reassurance and support to the Jewish community wherever possible.

- (4) The Council condemns Islamophobia in all of its forms and pledges to work with partners and local communities to address areas of concern and provide reassurance and support to the Muslim communities wherever possible.”

15. NOTICE OF MOTION DATED 24 NOVEMBER 2023: PROPOSED SPECIAL COMMITTEE TO RECEIVE INTERIM REPORTS ON THE INVESTIGATION OF ALLEGED FRAUD RELATING TO HOUSING MAINTENANCE CONTRACTS

In accordance with Council Procedure Rule 11, Councillor Philip Brooker to propose, and Councillor Bob Hughes to second the following motion:

“Council notes the report about irregularities in HRA expenditure considered by the Corporate Governance and Standards Committee on 29 November 2023.

The report advises that:

- An external team of experts are investigating any potentially fraudulent activity and that an internal “Strategic Project Group” is monitoring and co-ordinating the work of various workstreams.
- A “Strategic Board” will be set up imminently which will eventually report to the Corporate Governance and Standards Committee.
- Monthly reports will be prepared, but not available for public scrutiny.
- The first public report will not be available for “approximately six months”.
- Additional external support will be brought in to assist.

Council notes that, whilst it is welcome that some more information is now in the public domain, it considers it to be inadequate considering the magnitude of the sums involved, in light of the clear public interest in the detail of these irregularities being made public much

earlier than now proposed.

Council further notes that many of the “facts” could be made public without jeopardy to any other ongoing investigations, yet Council have not been provided with any specifics on what should be withheld under Schedule 12A of the Local Government Act 1972. This should be fully scrutinised immediately in the interests of transparency.

Council notes that it rejected, at its meeting on 10 October 2023, a motion for the Department for Levelling Up, Housing and Communities (DLUHC) to send in a Best Value Commissioner to carry out an independent investigator to examine the issues, which would certainly have speeded up the process, but now, two months later, seems to think that something similar is a good idea in order to proceed “in a timely manner”.

Therefore, this Council resolves:

- (1) Using the powers given to this council, immediately establish a Special Committee to receive interim reports from each investigating team, no later than at monthly intervals.
- (2) That, in the interest of transparency, the special Committee be chaired by a member of a political party other than one of those in coalition at the time the irregularities commenced (2021), and that the composition of the committee be representative of the composition of the Council.
- (3) That the Special Committee must have full access to all official information held by GBC as a public authority.
- (4) That in the interest of openness and transparency, the Special Committee be authorised to decide how much information can be revealed to (a) Members in confidence and (b) the General Public”.

GUILDFORD BOROUGH COUNCIL

Draft Minutes of a meeting of Guildford Borough Council held in the Council Chamber, Millmead House, Millmead, Guildford, Surrey GU2 4BB on Tuesday 10 October 2023

* The Mayor, Councillor Masuk Miah
The Deputy Mayor, Councillor Sallie Barker MBE

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|--------------------------------|----------------------------------|
| * Councillor Bilal Akhtar | Councillor Steven Lee |
| * Councillor Phil Bellamy | * Councillor Sandy Lowry |
| * Councillor Dawn Bennett | * Councillor Richard Lucas |
| * Councillor Joss Bigmore | * Councillor Julia McShane |
| * Councillor David Bilbe | * Councillor Richard Mills OBE |
| * Councillor Honor Brooker | * Councillor Carla Morson |
| Councillor James Brooker | * Councillor Danielle Newson |
| * Councillor Philip Brooker | * Councillor Patrick Oven |
| * Councillor Ruth Brothwell | * Councillor George Potter |
| * Councillor Yves de Contades | * Councillor Maddy Redpath |
| Councillor Amanda Creese | * Councillor Merel Rehorst-Smith |
| * Councillor Geoff Davis | * Councillor David Shaw |
| * Councillor Jason Fenwick | * Councillor Joanne Shaw |
| * Councillor Matt Furniss | * Councillor Katie Steel |
| Councillor Angela Goodwin | * Councillor Howard Smith |
| * Councillor Lizzie Griffiths | * Councillor Cait Taylor |
| * Councillor Gillian Harwood | * Councillor Jane Tyson |
| * Councillor Stephen Hives | * Councillor James Walsh |
| * Councillor Catherine Houston | Councillor Fiona White |
| * Councillor Tom Hunt | * Councillor Dominique Williams |
| * Councillor Bob Hughes | * Councillor Keith Witham |
| * Councillor James Jones | * Councillor Sue Wyeth-Price |
| * Councillor Vanessa King | * Councillor Catherine Young |

*Present

Honorary Freeman Keith Churchouse and Honorary Alderman David Wright were also in attendance.

CO48 APOLOGIES FOR ABSENCE

Apologies for absence were received from the Deputy Mayor, Councillor Sallie Barker MBE, Councillors Amanda Creese, Angela Goodwin, Steven Lee, and Fiona

White; and from Honorary Aldermen Catherine Cobley, Jayne Marks, Tony Phillips, and Lynda Strudwick.

CO49 DISCLOSURES OF INTEREST

There were no disclosures of interest from councillors.

Susan Sale, Joint Executive Head of Legal and Democratic Services declared an interest in relation to Item 12 on the agenda (Appointment of Returning Officer and Electoral Registration Officer) and would leave the Chamber when the matter was considered.

Tom Horwood, Joint Chief Executive, declared an interest in relation to Item 16 on the agenda (Notice of Motion dated 29 September 2023 – Sharing of Senior Staff), on behalf of himself and other senior officer colleagues present, all of whom would leave the Chamber when the matter was considered.

CO50 MINUTES

The minutes of the extraordinary meeting of the Council held on 30 August 2023 were approved as a correct record. The Mayor signed the minutes.

CO51 MAYOR'S COMMUNICATIONS

The Mayor informed the Council that, on Sunday 24 September 2023, he had attended The Dean of Guildford's farewell service and reception at the Guildford Cathedral to mark the retirement of the very Reverend Dianne Gwilliams.

The Mayor also informed the Council about his forthcoming Charity Dinner Night on Monday 30 October 2023 at the Shahin Indian Restaurant.

CO52 LEADER'S COMMUNICATIONS

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.

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 Licencing 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.

Councillor David Bilbé asked the Leader whether the turnaround in planning performance related specifically to hiring, motivating and retaining more staff, and whether she could give an assurance to the Council that there was not a propensity to put forward applications for approval by officers as distinct from refusal on a more balanced basis. In response, and on behalf of the Leader, the Lead Councillor for Planning, Environment and Climate Change indicated that the

reason for the improved performance was because of the hard work and dedication of staff and continued efforts to ensure that the team was adequately resourced.

In relation to the determination of applications by officers, the Lead Councillor confirmed that officers would always make decisions based on their professional judgment, and in accordance with planning policies.

CO53 PUBLIC PARTICIPATION

No members of the public had registered to speak or ask a question at the meeting.

CO54 QUESTIONS FROM COUNCILLORS

At the 25 July meeting, the Council noted that six additional questions had been received by the deadline for submission of questions for that meeting, but unfortunately, they had not been forwarded to the Leader/relevant Lead Councillors until the afternoon of the meeting. Therefore, no written response to the questions could be prepared for inclusion on the Order Paper for that meeting, and Council was informed that a formal response from the Leader/relevant Lead Councillor to each of the questions would be circulated to all councillors after the meeting. That response was sent, by email, to all councillors on 2 August 2023.

As there had been no opportunity for the questioners to ask a supplementary question, the Mayor had agreed to allow this at this meeting.

(a) **Councillor Richard Mills OBE** asked the Leader of the Council the following question:

“Will the Leader of the Council indicate whether she will urgently bring forward proposals for a restriction on the maximum height for new buildings in the town, in the light of:

- *the continuing development pressures that have driven a steady increase in permitted building height in particular in the Town Centre*
- *the evidence from recent years that the Council’s planning procedures have not proved sufficient to control these pressures in line with the wishes of residents, and*
- *the evidence from the recent election campaign of wide support among residents from across the political spectrum for commitment to a*

maximum permitted building height, including from her executive portfolio holder for planning at election hustings?”.

The Leader’s Response:

“We recognise that the height of proposed new buildings (alongside other aspects of their design and form) can give rise to harm, including potentially in relation to:

- *important views to and from areas, including of significant landmarks, landscapes, and heritage assets;*
- *the character of areas in which they are located;*
- *the significance of proximate heritage assets and their settings;*
- *other localised impacts such as overshadowing and impacts on microclimate.*

We have a range of local policy and guidance that seeks to avoid or minimise any of these harms arising from new development, including the recently adopted Development Management Policies and Guildford Town Centre Views SPD.

Applicants must respond to our local policy and guidance as part of their planning applications by providing relevant detail reflecting how views, local character, and heritage aspects have been considered in the design of the proposal.

The Council also expects Accurate Visual Representations to be produced to assist in assessing the likely impact of development on the townscape/ landscape setting or nearby heritage asset. This includes for any visually prominent proposals or proposals for additional storeys in the town centre and other significant development proposals elsewhere in our borough with a special focus on major development in Conservation Areas and Areas of Outstanding Natural Beauty.

Importantly, the Council also ensures expert independent professional inputs on significant development proposals via its Design Review Panel, often prior to applications being submitted.

With this information, the decision-maker would carry out assessment of whether and to what extent harm arises from proposals, including in relation to their height as part of the planning process.

That said, I recognise that there is great strength of feeling regarding recent development proposals within the town centre and a perceived lack of ability

to limit the heights of buildings being proposed. We can all agree that we wish to see high quality development that respects its local context, helps to make Guildford a vibrant town centre, and yet makes efficient use of brownfield land to minimise future development pressures on greenfield sites.

As Councillors are aware, Cllr George Potter, Lead Councillor responsible for Planning Policy, is in the process of reconvening a reformed Local Plan Panel which will now be called the Planning Policy Board. Cllr Potter will be exploring/ continuing to explore options for informing the height of development sites in particular within the town centre with the Planning Policy team. We will then bring these options to the Planning Policy Board for further debate and discussion.

The timescales for bringing forward additional policy or guidance in relation to heights will vary depending on what option is chosen. Local Plan policy will take a number of years to produce whereas a design code/guidance may be quicker to implement. I hope we can reach a cross party consensus on how best and most efficiently to bring forward additional measure to help shape development proposals.”

In response to a supplementary question asking the Leader to look again at this reply and pursue the specific issues raised, the Lead Councillor for Planning, Environment and Climate Change responded on the Leader’s behalf by stating that at the inaugural meeting of the Planning Policy Board, he had mentioned that the issue of heights and density and character in the town centre was something that the Board would be looking at in the near future.

(b) Councillor David Bilbé asked the Leader of the Council the following question:

“Will the Leader of the Council advise when will this Council see a fully costed plan for restoring the planning department to an improved level of competence with measurable timescales, targets and specific objectives?”

Will the plan include a comprehensive set of proposals and staffing increases to improve the effectiveness of enforcement action, particularly to resolve significant planning infringements on Wanborough fields?”

The Leader’s Response:

“The Council has already received a fully costed plan for a restructured Planning Development Service. This formed part of the submission to the Department for Levelling Up, Housing and Communities (DLUHC) to make our

case against the threat of designation which was accompanied by a detailed action plan and draft structure. The cost of the new structure, £700,000, was included in the finance report that went to Council on 25 July. As councillors will be aware, the performance targets for determining planning applications are set by Government and this is what we are measured against. As has been well reported to councillors we continue to struggle to retain planning staff, this is a national problem exacerbated in the south, and are heavily reliant on agency staff. The Executive Head of Planning Development is working with colleagues to develop a recruitment and retention strategy for the service.

There are no plans to increase staff in the Planning Enforcement team at this time”.

In response to a supplementary question asking the Leader to clarify:

- (a) whether the £700,000 referred to in the answer was before or after the budget squeeze that would be debated later in the meeting; and
- (b) whether the reference to no plans to increase staff in planning enforcement included the replacement of the two current vacancies in the team, or whether it was from a base level; and
- (c) the reasons why no information was available in respect of Wanborough Fields

the Lead Councillor for Planning, Environment and Climate Change responded on the Leader’s behalf by stating that the £700,000 represented the additional resource provided in the current year, and that planning would continue to be resourced appropriately to maintain improved performance. The current vacancies in the enforcement team were affected by the temporary recruitment freeze, but it was intended to maintain the team to its full staff compliment. In relation to Wanborough Fields, the Lead Councillor was happy to update Councillor Bilbé as appropriate.

- (c) **Councillor Bob Hughes** asked the Lead Councillor for Community and Organisational Development the following question:

“What measures are being taken by the Council to attract job applications from people with disabilities, and to sustain them in the workplace?”

What input has the Council sought from organisations representative of people with lived experience of disabilities in order to take their advice to

help the Council improve their recruitment and retention procedures and policies?"

The Lead Councillor's Response:

"Attracting job applicants

The Council advertises externally on the Council's website and the JobsGoPublic platform.

We currently hold 'Disability Confident' (or similar 'Disability Positive') bronze status as an Employer, and include this in our advertising, so prospective employees know they will not be disadvantaged, and we are positive about including people with disabilities in our workforce.

Our adverts include a link to [Information for Candidates](#) which sets out the Council's commitment to Equalities and states that:

'The Council is positive about people with disabilities and an applicant with a disability is guaranteed an interview if they meet the essential criteria of the person specification.

If you have a disability and require the job information in an alternative format such as large print, audiocassette, electronic/diskette or Braille please phone HR on 01483 444017.

Should you have any queries regarding the working environment, work place visits can be arranged prior to interview.

If you are disabled or for any other reason have any special requirements in respect of the interview arrangements, please call Human Resources (in confidence) on the above number.'

Job seekers can access a link to the equalities information on the web site <https://www.guildford.gov.uk/equalities>. Our commitment to equalities and diversity is set out in the EDI Policy which was reviewed along with the Action Plan by Corporate Governance and Standards Committee on 27 July. The link is waiting to be updated with latest EDI Policy and Action Plan.

Job seekers can also access the [Staff Information Booklet](#) which sets out our commitment to equalities on page 8.

Accessibility issues can be responded to, dealt with or reported at the link provided on our website <https://www.guildford.gov.uk/accessibility>. Staff guidance to ensuring that access to our services is available to all without discrimination is provided on the intranet [Disability-and-reasonable-adjustments-guidance](#).

Sustaining employees in the workplace

Reasonable adjustments would of course be considered by the HR Business Partners, with regards to sustaining people in the workplace. We regularly manage cases and situations where adjustments are required by employees and work with our Occupational Health Service to provide support.

*The document attached as **Appendix 1** to the Order Paper is an extract from our Sickness Absence Management Handbook which has a Section on disability for guidance to our managers.*

The input from external agencies is extremely useful from a recruitment perspective and seeking information about the lived experience of current employees is useful with a view to retention, as employees know what is affecting them as members of our organisation.

The EDI group can accomplish this in various ways (involvement of community groups, charity groups, targeted surveys, focus groups; examination of exit interview data). The EDI group is led by Ian Doyle, Strategic Director: Transformation and Governance and Robin Taylor, Executive Head of Organisational Development and supported by Ali Holman, HR Specialist (Equalities Lead). The group is creating a joint EDI group across Guildford and Waverley Borough Councils and I will ask them to review this issue”.

In response to a supplementary question which invited the Lead Councillor to answer the second part of the written question, the Lead Councillor acknowledged that this had not been answered and indicated that a written response to the unanswered part of the question would be sent.

(d) **Councillor Matt Furniss** asked the Leader of the Council the following question:

“Can the Leader of the Council confirm what is the valuation of the Council’s commercial asset holdings in each year since 2019 to 2023?

In each year how much income was forecast to be generated and how much was actually generated?

The Leader’s Response:

Annual asset valuations of the Council’s commercial asset holdings:

Year	Valuation
2018/19	£161,244,000
2019/20	£153,413,000
2020/21	£159,429,000
2021/22	£173,936,000
2022/23	£178,198,000

Rental income – forecast versus actuals

Year	Forecast	Actuals
2018/19	£9,316M	£8,903M
2019/20	£8,702M	£8,382M
2020/21	£7,804M	£7,769M
2021/22	£8,154M	£8,169M
2022/23	£8,789M	£9,158M

In response to a supplementary question from Councillor Furniss, the Leader agreed to provide a breakdown of all the assets with valuations.

(e) **Councillor Matt Furniss** asked the Leader of the Council the following question:

“In December 2020 Guildford, as one of the districts that commissioned a report by KPMG to look at opportunities for collaboration. Can the Leader confirm:

- a) The cost to GBC for producing the report?*
- b) An update as to what is the status of the KPMG report within GBC?*
- c) How many of its recommendations have been accepted and implemented?*
- d) Of the recommendations not accepted, why not?”*

The Leader's Response:

"I thank Cllr Furniss for his question about the 2020 KPMG report, which was commissioned by the eleven district councils of Surrey in response to Surrey County Council's proposal to replace the district, borough and county councils with a single unitary council for the whole county. GBC's contribution towards the KPMG study was £15,000. At the time, Surrey County Council declined to contribute to this project, having commissioned its own consultants (PwC) in support of its single-unitary council bid at a reported cost to SCC of £107,000.

Later in the year, the Government decided not to proceed with the County Council's request. The KPMG report was discussed by the Executive meeting in public on 16 February 2021 and is available to view online (see agenda item 6):

[*Agenda for Executive on Tuesday, 16th February, 2021, 7.00 pm - Guildford Borough Council*](#)

As many of KPMG's recommendations addressed the question of what the councils could do if SCC's request were accepted by the Government, they were shelved when the Government declined. If the Government or Surrey County Council were to revive the proposal of abolishing district, borough and county councils, the KPMG report will have useful information to contribute to that discussion. However, it is worth recalling that KPMG's independent view was that three, not one, unitary councils would be the preferred option for Surrey, were reorganisation to be pursued. The report stated, "The eleven Surrey District and Borough Councils were mindful of the potential democratic deficit residents might experience as a result of the reduction in number of representatives in a single County unitary solution. They, also, recognise the potential loss of 'place' and 'belonging' for local residents in such a model. They wished, therefore, to be ready to progress an alternative proposal if/when the time comes."

The report also recommended that the district and borough councils could do more to collaborate, regardless of formal reorganisation. As a result, the then Leaders and Executives of Guildford and Waverley Borough Councils held discussions on how these two councils could work together more effectively. Both councils are of similar scale, serve similar populations, are neighbours and – unusually – each own around 5,000 homes. These discussions continued during 2021 and both councils agreed to share a single senior management team in their Full Council meetings in July and August

2021. The joint management team was created in 2022, saving the partnership over £860,000 annually.

The KPMG report included options for service collaboration across councils, such as in waste collection, procurement, ICT, Building Control, and Revenues and Benefits. This Administration at Guildford is prioritising our partnership with Waverley as the main way for exploring these options. Proposals for further projects to build on our success with Waverley will be coming forward for discussion later this year. We remain open to other willing partners in Surrey and elsewhere who wish to work together in good faith”.

In response to a supplementary question which invited the Leader to answer parts c) and d) of the written question, the Leader acknowledged that these had not been answered and indicated that a written response to the unanswered parts of the question would be sent.

(f) **Councillor Bilal Akhtar** asked the Leader of the Council the following question:

“Can the Leader confirm the precise reasons for the three-year delay in opening the SANG and the car park in Frog Grove Lane in Wood Street, Worpleston? The Car Park and Fences have been in place for over two years now.

According to the Officers, there is a delay in resolving an agreement with the landowner and the Council. What measures can be put in place to ensure that this matter can be resolved at the earliest possible time and what is the anticipated opening date?”

The Leader’s Response:

“This land is not a SANG, it is private land with permission to be a public open space. This land status does not mean the land is the Council’s or under the control of the Council. This status is often a precursor for the preparation of a private SANG or potentially a Council controlled SANG and we believe the owner of the land has, or had, the intention of creating a private SANG.

As far as we understand it, the owner has not yet met the financial and legal conditions for it to be a SANG. This is a matter for the landowner alone to resolve.

The landowner has approached officers to see if the Council is interested in purchasing some or all of the land. Officers are looking at this to consider if

the land is of interest to the Council as a SANG at this time and, if so, that it is affordable and represents best value for the Council.

Considering the above there is no current timescale the Council can give as to when it may be open as we are unable to answer questions about the current or future intentions of the landowner.”

Councillor Akhtar commented that the Land Trust had agreed a contract with the landowner of the Wood Street SANG approximately two years ago to manage the SANG, but it was subject to completion of a Section 106 Agreement. As a supplementary question, Councillor Akhtar asked the Leader for an explanation as to the delay in completing the Section 106 Agreement. On behalf of the Leader, the Lead Councillor for Planning, Environment, and Climate Change responded by stating that he would be happy to discuss the matter with Councillor Akhtar to see if the process could be expedited, or he could speak to the relevant Planning Team Leader for an update.

Further Questions from Councillors:

- (g) **Councillor Sue Wyeth-Price** asked the Lead Councillor for Planning, Environment, and Climate Change, Councillor George Potter the following question:

“GBC’s Statement of Case for the North Street Planning Appeal clearly states that 6 out of the 8 reasons given by the Planning Committee when refusing the application have been negotiated away or simply conceded. Were any Councillors involved in these decisions? I am particularly concerned with the decision whereby the refusal on the grounds of viability is not to be pursued. I quote: “In addition a decision was taken after careful consideration and independent advice that the LPA would not pursue reason 6 (viability/affordable housing provision - e-mail of 24th August 2023 to PINS from GBC Kate Little).”

Given the members of the Planning Committee were clearly advised that there were no grounds for refusal on this potential reason during the debate, yet still decided to include it, I would like to know by whose authority the decision was taken to ignore that democratic decision? The process is opaque and in clear contrast to the open decision-making of the Planning Committee, and I am sure this will be a shock to many residents who were assured the appeal would be ‘vigorously defended’.

The Lead Councillor's Response:

“Under the Council's Constitution, delegated power is afforded to the Executive Head of Planning Development to exercise the Council's powers and duties in relation to Planning Inspectorate appeals in consultation with the Lead Specialist – Legal, Chief Finance Officer, and the relevant lead councillor with portfolio responsibility for planning development. This includes the negotiation and settlement of awards of costs against the Council up to a maximum level of £50,000, and the negotiation and settlement of such costs when they are awarded in the Council's favour.

Given the level of public interest in the North Street appeal, the Planning Committee were briefed in private at the end of the Planning Committee meeting held on 19 July 2023. The Committee was advised that the viability assessment had been reviewed by a second Viability consultant employed to advise the Council. The consultant had confirmed that the Council would have no evidential viability basis from which to defend a reason for refusal concerning affordable housing provision on a current day appraisal basis. The consultant further confirmed that they would be unable to act as expert witness for the Council given the conclusions on the viability assessment.

The Committee were verbally advised that the Council would not be able to defend this reason for refusal in light of this advice and in the absence of being able to provide an expert witness at the Inquiry. Further, in the absence of an expert witness to defend this reason for refusal, the Council would be opening itself to a potential award of costs for unreasonable behaviour.

The matter was further discussed with the Portfolio Holder in a briefing session on 7 August 2023. At this time, it was confirmed that the reason for refusal would not be defended. Legal were consulted. Counsel, working on behalf of the Council on the appeal, were made aware.

The issue of the ability of the Executive Head of Planning Development to negotiate and make decisions around the case that the Council sought to defend at appeal was discussed at some length during the Planning Committee meeting of 10 July 2023 relating to Wisley Airfield appeal against non-determination. The Legal Advisor at the meeting clearly advised the Planning Committee on the power delegated to the Executive Head and the reasons for that delegation.”

Councillor Wyeth-Price commented that the Lead Councillor's response had only dealt with one of the six reasons for refusal that the Council had conceded at

appeal. Further, in relation to the viability assessment, the Council had conceded three grounds relating to transport issues and the bus station, and that it was now understood that these issues were due to potential changes to the application before the Inspector which, at the time the decision was made none of the documents were available to councillors, the public or the Planning Committee. As a supplementary question, the Lead Councillor was asked whether he agreed that this was far from satisfactory in respect of an application that had drawn such considerable amounts of public interest, and would this be addressed by his planning improvement activities?

In response, the Lead Councillor did not agree and explained that was a very complicated application, and it was normal practice for the planning team to exercise their own expert judgement upon seeking the advice of relevant experts, and particularly legal experts, to decide how best to go about defending a case. In this case, following receipt of expert opinion from two sources, it was felt that the viability grounds were not sufficiently robust to defend at appeal. The applicant was entitled to request changes to the application at appeal, and it was up to the Planning Inspector to determine them. The Lead Councillor was also satisfied that communication procedures had been followed correctly, and no Planning Committee member had asked any questions in response to the update they received. The Lead Councillor offered to address any concerns at the Planning Improvement Board.

In response to a further supplementary question asking why the briefing about a second opinion about viability was held in private, and the decision to concede was then communicated in private, when the original planning committee was held in public and had received advice from consultants about viability, the Lead Councillor stated that the reason why the Committee was updated in private was because, as with any planning appeal, there were legal issues raised, which if discussed in public, might adversely affect the Council's case.

(h) **Councillor Dawn Bennett** asked the Lead Councillor for Commercial Services, Councillor Catherine Houston the following question:

“As a member of the winter swimming community that uses the Guildford Lido, I have been struggling to answer the questions asked by my friends. I understand that there is urgent work required to ensure that the Lido can re-open next summer, but the details of the specific works required have been vague.”

Could you please give more detail (in layman's terms!) of the issue that has been discovered, how long works are expected to take, what is the estimated cost, and who is paying for the repairs?

If GBC are liable for the repairs, will you guarantee, considering the financial situation, that there are funds to carry the works out?

It is also frustrating that the pool was shut immediately, with only a few days' notice on Facebook, and members have still not received any communication about this from either Freedom Leisure or GBC. Although works haven't yet started, is there a risk that using the pool could make the issue worse, or was the closure premature and the pool can reopen until the works are tendered and ready to start?"

The Lead Councillors' Response:

"Thank you for your question on the Lido Councillor Bennett, I have received several other questions from residents on this matter, so it is good to be able to respond formally.

Whilst the work was carried out to refurbish the changing rooms and drainage beneath over the winter last year it was noted that a significant amount of water was leaking from the pool. We were aware of historic leaks, but the team were surprised at the amount that was being lost. Investigations had been carried out previously but had not conclusively identified where the leaks were. We were extremely conscious of ensuring the pool opened in time for the 2023 summer season with the newly refurbished changing rooms. Therefore, the decision was made to open the pool with the knowledge that there were leaks and further investigation needed to take place throughout the summer season to identify the exact problem.

Detailed surveys were carried out by Freedom Leisure over the summer which identified several issues, not least that the pool tank itself was leaking not just surrounding pipework. As this was an operator responsibility, Freedom began planning for the repairs, something that Guildford Borough Council had been pushing for a period of time. The length of the works is difficult to define as the works must take place in stages, ruling out one element before moving to the next. The first step will involve the pool tank and ensuring it is leak proof, then the contractor can focus on leaks to the pipework supplying the pool. In an ideal scenario these will be in easy to reach places; however, it is possible that repairing the leaks around poolside will involve digging to enable the repairs to take place. To ensure the

repairs are carried out in time for the summer Guildford Borough Council supported the proposal, albeit late in the season, from Freedom Leisure to close over the winter. Guildford Borough Council does not hold swimmers' or gym members' contact details so all communications regarding the closure was covered by Freedom Leisure via social media which went out on Monday 25 September. To assist with common points Guildford Borough Council produced a frequently asked questions list and shared with Freedom to go on their website.

These repairs are part of Freedom's contractual responsibility, not the Council's, and £350,000 has been set aside to complete the work. These works are vital to ensure the Lido reopens and can continue to operate for years to come. Once these works are finished, fingers crossed with all leaks identified, we will be able to open on time for the 2024 summer season. We feel it is important to give as much time to the contractor to carry out the work to ensure we open for the summer. Once completed this will mean that the 90-year-old Lido has had the most significant investment, around £2.5m, ever in its life! Coupled, with the annual subsidy paid for by Guildford Borough Council we can show no greater support for the facilities than we are. The Lido is a 'gem' for Guildford and this investment, and our continued commitment will ensure it remains so for the generations to come."

In response to a supplementary question, asking for a response to the last part of the written question and also to a request for a commitment to reopen the Lido as soon as the works were completed, the Lead Councillor informed the Council that work had started on the Lido, but it might not yet be visible. The Lead Councillor also indicated that the intention was to re-open the Lido as quickly as possible, which was why in the work was going to take a number of months in time for the scheduled re-opening next April.

In response to a further question asking whether there would be an opportunity for councillors to have a look at the works that were being undertaken at the Lido so they could better inform the residents who were concerned, the Lead Councillor indicated that she would discuss this with officers after the meeting and inform councillors accordingly.

CO55 FINANCIAL RECOVERY PLAN - OCTOBER UPDATE REPORT

Councillors noted that the Council had 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.

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.

The impact of this was that the level of usable reserves was approximately £20m less than had been thought when the 2023-24 budget was set in February 2023.

The budget outturn position for 2022-23 had shown an overspend of £6.4m on the General Fund and this had therefore further reduced the sums available to the Council.

An updated MTFP position had been presented to the Council at its meeting on 25 July 2023, which had 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.

The report had therefore concluded that the Council was facing a potential s114 report if actions were not agreed to bring this situation back in to balance. The deadline set for this was October 2023 and the progress to date was addressed within the report now before the Council.

The Interim s151 Officer had concluded that sufficient progress had been made 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 Council noted that the report had also been considered by the Executive at its meeting on 5 October 2023. The Executive had endorsed the recommendations therein.

The Lead Councillor for Finance & Property, Councillor Richard Lucas, proposed a motion to endorse the second issue of the Financial Recovery Plan, which was seconded by the Leader of the Council, Councillor Julia McShane.

During the debate, councillors raised a number of issues including:

- Absence within the report of a schedule of all current spending for the rest of this year which would have given all members the opportunity of

scrutinising spending that was still proposed and suggesting alternative or further savings.

- Insufficient detail on savings generated, and overly optimistic estimate of car park revenue.
- Concern regarding the withdrawal of grants to parish councils, and the proposal to charge parish councils for emptying rubbish bins.
- Concern that there had been an unfulfilled commitment made in February 2023 to bring a revised budget before Council for scrutiny and adoption, instead of which the Council has only received a high-level update report for endorsement.
- Concern over absence of councillor involvement in the decisions taken by the Financial Control Panel.
- Lack of public consultation
- Communications had reported positively on the progress which had been made with the Financial Recovery Plan, whilst noting that there was still a great deal of hard work to be done.

Having considered the motion, the Council

RESOLVED: That the Council endorses the second issue of the Financial Recovery Plan as set out in Appendix 1 to the report submitted to the Council.

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.

CO56 OVERVIEW & SCRUTINY ANNUAL REPORT 2022-23

The Council considered a report which outlined the work undertaken by overview and scrutiny during the past municipal year and its future work programme as thus far developed.

Decisions taken during the past municipal year under the 'urgency' provisions and the use of 'call-in' were also detailed within the report. In 2022-23, six decisions had been taken under the urgency provisions of Access to Information Procedure Rules, call-in had been waived by the O&S Committee Chairman on three occasions and no Executive decisions had been called in.

The report had also been considered by the Overview and Scrutiny Committee at its meeting on 12 September 2023. The Committee had commended the Annual Report to Council.

Upon the motion of the Chairman of the Overview & Scrutiny Committee, Councillor James Walsh, seconded by the Vice-Chairman of that Committee, Councillor Matt Furniss, the Council

RESOLVED:

- (1) That the report be commended as the annual report of the Overview and Scrutiny Committee for 2022-23.
- (2) That the current rules relating to call in or urgency provisions remain unchanged, subject to clarification of existing procedures to provide that whenever the special urgency provisions are used to take urgent key decisions in accordance with Access to Information Procedure Rule 16, details of those decisions shall be reported by the Leader to the next ordinary meeting of the Council, rather than annually.
- (3) That Access to Information Procedure Rule 17.3 be amended as follows:

“17.3 Annual Reports from the Leader on Special Urgency Decisions
In any event, the Leader will ~~submit annual~~ reports to the ~~next ordinary meeting of the~~ Council on ~~any the~~ executive decisions taken in the circumstances set out in Procedure Rule 16 (special urgency) ~~in the preceding year~~. The report will include the number of decisions so taken and a summary of the matters in respect of which those decisions were taken.”

Reasons:

- Article 8.2(d) of the Council’s Constitution required the Council’s Overview and Scrutiny Committee to report annually to Full Council on the work undertaken during the year, its future work programme, and amended working methods if appropriate.
- Overview and Scrutiny Procedure Rule 16(i), required the operation of the provisions relating to call-in and urgency to be monitored annually and a report submitted to Full Council with proposals for review if necessary.

CO57 CORPORATE GOVERNANCE AND STANDARDS COMMITTEE ANNUAL REPORT 2022-23

Following receipt of the KPMG internal audit report on the effectiveness of the Corporate Governance and Standards Committee, which was considered by the Committee at its meeting on 24 March 2022, the Council noted that one of the recommendations was that the Committee should report at least annually to the Council on its activities and an assessment of its performance in discharging its responsibilities as defined in the Committee's terms of reference.

The Council considered the annual report for the municipal year 2022-23, having noted that it had been commended for adoption by the Corporate Governance and Standards Committee at its meeting held on 28 September 2023.

In commending it for adoption, the Committee had made a number of comments, and these had been included at the end of the Annual Report.

Upon the motion of the Chairman of the Corporate Governance and Standards Committee, Councillor Phil Bellamy, seconded by the Vice-Chairman of that Committee, Councillor Bob Hughes, the Council

RESOLVED: That the annual report of the Corporate Governance & Standards Committee for 2022-23, as set out in Appendix 1 to the report submitted to the Council, be adopted.

Reason:

To ensure that the Committee is accountable for its work to the full Council.

CO58 AMENDMENTS TO THE GUILDFORD BOROUGH COUNCIL AND WAVERLEY BOROUGH COUNCIL JOINT GOVERNANCE COMMITTEE'S TERMS OF REFERENCE

The Council noted that the meeting of the Joint Governance Committee scheduled for 9 October 2023 had been inquorate in respect of the Guildford Borough Council membership present. The meeting had therefore been adjourned to a later date.

The Council therefore deferred consideration of this item accordingly.

CO59 APPOINTMENT OF RETURNING OFFICER AND ELECTORAL REGISTRATION OFFICER

Susan Sale, Joint Executive Head of Legal & Democratic Services, left the Chamber whilst this matter was considered.

Following the process for appointment of the Joint Chief Executive for Guildford and Waverley in 2021, both councils had appointed Tom Horwood to that post, and he had also been appointed as Guildford and Waverley's Returning Officer and Electoral Registration Officer. In December 2022, Waverley Borough Council appointed Robin Taylor as Waverley's Returning Officer and Electoral Registration Officer.

In the light of Tom Horwood's announcement of his proposed departure as Joint Chief Executive, it would be necessary to put in place arrangements for the appointment of Guildford's Returning Officer and Electoral Registration Officer.

Upon the motion of the Lead Councillor for Regulatory and Democratic Services, Councillor Merel Rehorst-Smith, seconded by the Leader of the Council, Councillor Julia McShane, the Council

RESOLVED: That, with effect from 1 November 2023, Susan Sale, Joint Executive Head of Legal & Democratic Services, be appointed as the Returning Officer for local elections, the Acting Returning Officer for UK Parliamentary Elections, and the Electoral Registration Officer.

Reason:

The Council is required to have in place appropriate statutory officers, including the appointment of a Returning Officer for the administration of elections and an Electoral Registration Officer for the registration of electors.

CO60 APPOINTMENT OF HONORARY RECORDER

Following the formal retirement of His Honour Judge Robert Fraser MVO as a Circuit Judge (and Resident Judge at Guildford Crown Court) at the end of June 2023, the Council was requested to consider the appointment of Her Honour Judge Patricia Lees, who was Judge Fraser's successor as Resident Judge, as the Honorary Recorder for the Borough of Guildford, with immediate effect.

Upon the motion of the Lead Councillor for Regulatory and Democratic Services, Councillor Merel Rehorst-Smith, seconded by the Leader of the Council, Councillor Julia McShane, the Council

RESOLVED: That Her Honour Judge Patricia Lees, Resident Judge at Guildford Crown Court, be appointed as the Honorary Recorder for the Borough of Guildford.

Reason:

To maintain the historic appointment of an Honorary Recorder for the Borough.

CO61 MINUTES OF THE EXECUTIVE

The Council received and noted the minutes of the meetings of the Executive held on 20 July, and 24 August 2023.

CO62 NOTICE OF MOTION DATED 29 SEPTEMBER 2023: MONTHLY REPORTING OF KEY PERFORMANCE INDICATORS

In accordance with Council Procedure Rule 11, Councillor David Bilbé proposed, and Councillor Bob Hughes seconded the following motion:

“Guildford Borough Council is in an unprecedented situation with respect to financial management, service provision, staff morale and management stability. The people who will be totally affected by this significant set of circumstances are the tax paying public and those expecting support and information from the councillors whom they elected. Councillors cannot give clear confidence to voters without having accurate and cogent information. Councillors should be conversant with initiatives which affects their ability to give confident, consistent, and accurate messages to residents of respective wards.

Most well-run businesses produce a brief summary of key variables which show the health or otherwise of the underlying enterprise. This is normally a key document for senior management. This proposal will provide informed information sufficient for councillors to have confidence in the processes and to assure the residents of their ward and Guildford generally that proper action is being taken in the context of circumstances.

Therefore, this Council resolves:

To prepare a regular monthly report in summary format (maximum 4 pages) of key performance indicators (KPIs) for circulation to all councillors containing at least the following information:

- (i) a forecast of projected current deficit or surplus in the next 3-month period together with a rolling forecast for the next 12 months;
- (ii) details of service cost expenditure by service category comparing performance to both original and more importantly revised budget (as submitted to full Council today);
- (iii) a summary of cost saving proposals and consequences for service delivery;
- (iv) proposed asset disposals and yield enhancement performance progress

- (v) a schedule of expected non-current expenditure costs including capital project payments, debt repayments, costs of planning appeals (inter-alia); and
- (vi) any other significant matters which are considered to have an effect on financial outcome or management stability."

Under Council Procedure Rule 15 (o), Councillor Bilbé as the mover of the original motion, indicated that, with the consent of his seconder and of the meeting, he wished to alter his motion as follows:

Alteration:

- (1) Before *"Therefore, this Council resolves:"* add the following words:

"Council notes that Key Performance Indicators are already reported to councillors and placed in the public domain through the quarterly Performance Monitoring Report to the Overview and Scrutiny Committee, and that this reporting and publication of Key Performance Indicators was first introduced in March 2021."

- (2) Amend the first sentence after *"Therefore, this Council resolves:"* to read:

"(1) To produce regular monthly and quarterly reports of key financial information to be reported to the Joint Management Team, Executive, relevant committees and to all councillors, and to be made public on the Council's website, including the following information:"

- (3) Within the proposed resolution, replace sections (i) to (vi) inclusive with the following sections:

- "(i) Budget expenditure by service, covering actual expenditure vs budget, and vs previous forecast.*
- (ii) Explanation of any variances, the forecast for next period, and the forecast year end position*
- (iii) A monthly savings tracker*
- (iv) Capital project payments, debt repayments and key risks to be included as part of the quarterly forecast*
- (v) Proposed asset disposals information as soon as workstream support (currently being recruited) is in place*
- (vi) A covering statement from the S151 officer containing any other key risks or assessments"*

- (4) After section (vi) add the following additional paragraphs to the resolution:

- "(2) To update the annual budget setting process such that future service plans will include detailed service budgets, establishment, key performance, and contracts.*
- (3) To publish this year's revised budget book on the Council's website by 1 November 2023, and then in advance of the new financial year in future years."*

The motion, as altered, would read as follows:

"Guildford Borough Council is in an unprecedented situation with respect to financial management, service provision, staff morale and management stability. The people who will be totally affected by this significant set of circumstances are the tax paying public and those expecting support and information from the councillors whom they elected. Councillors cannot give clear confidence to voters without having accurate and cogent information. Councillors should be conversant with initiatives which affects their ability to give confident, consistent, and accurate messages to residents of respective wards.

Most well-run businesses produce a brief summary of key variables which show the health or otherwise of the underlying enterprise. This is normally a key document for senior management. This proposal will provide informed information sufficient for councillors to have confidence in the processes and to assure the residents of their ward and Guildford generally that proper action is being taken in the context of circumstances.

Council notes that Key Performance Indicators are already reported to councillors and placed in the public domain through the quarterly Performance Monitoring Report to the Overview and Scrutiny Committee, and that this reporting and publication of Key Performance Indicators was first introduced in March 2021.

Therefore, this Council resolves:

- (1) To produce regular monthly and quarterly reports of key financial information to be reported to the Joint Management Team, Executive, relevant committees and to all councillors, and to be made public on the council website, including the following information:*
- (i) Budget expenditure by service, covering actual expenditure vs budget, and vs previous forecast.*

- (ii) Explanation of any variances, the forecast for next period, and the forecast year end position*
 - (iii) A monthly savings tracker*
 - (iv) Capital project payments, debt repayments and key risks to be included as part of the quarterly forecast*
 - (v) Proposed asset disposals information as soon as workstream support (currently being recruited) is in place*
 - (vi) A covering statement from the S151 officer containing any other key risks or assessments.*
- (2) To update the annual budget setting process such that future service plans will include detailed service budgets, establishment, key performance, and contracts.*
- (3) To publish this year's revised budget book to be published on the Council's website by 1 November 2023, and then in advance of the new financial year in future years."*

The Council agreed to accept the alteration to the original motion, as indicated above. The motion, as altered, therefore became the substantive motion for debate.

Having debated the substantive motion, the Council

RESOLVED: That the substantive motion, as outlined above, be adopted.

CO63 NOTICE OF MOTION DATED 29 SEPTEMBER 2023: SHARING OF SENIOR STAFF

Tom Horwood, Joint Chief Executive, Susan Sale, Joint Executive Head of Legal & Democratic Services, and Richard Bates, Joint Interim Head of Finance and Section 151 Officer left the Chamber for the consideration of this matter.

In accordance with Council Procedure Rule 11, Councillor Richard Mills OBE proposed, and Councillor Honor Brooker seconded the following motion:

"In the light of developments in the last few months it is now clear that for the next few years the Council faces continuing and severe financial constraints as well as major challenges in its Housing and Planning Departments. This will inevitably place an exceptionally heavy burden on the Council's most senior officers who under arrangements introduced by the

last administration now have to carry out functions jointly for both Guildford and Waverley.

Such “Job Sharing” arrangements between two organisations, especially at such a senior level, are extremely rare. They tend to be onerous and inefficient for the staff concerned, and while they may temporarily obscure problems, they seldom resolve them.

Understandably therefore, most organisations prefer to have dedicated officials whose sole concern is for the enterprise for which they work.

It is now clear that, for Guildford at least, this partnership arrangement has not been effective, either in terms of costs or performance. Indeed, in view of the poor financial performance of the Council in recent years, it could be argued that instead of saving money, by spreading managerial resources too thinly, it has actually become an extremely expensive experiment. It now needs to be brought to an end as soon as practicable.

Therefore, this Council resolves:

- (a) after consultation with Waverley Borough Council, to end the current arrangement for sharing senior staff as quickly as possible.
- (b) to review “Job Sharing” contracts rapidly, so as to bring them under the sole managerial authority of GBC.
- (c) to ensure that all future senior appointments are dedicated appointments solely for the benefit of GBC.”

During the debate on the motion, Councillor James Walsh gave notice of his intention to move an amendment to refer the motion to the Overview & Scrutiny Committee at its meeting in January 2024, which was seconded by Councillor Maddy Redpath. Following further discussion, Councillor Walsh indicated that notwithstanding the outcome of the debate in this motion, he would be asking for a report on the collaboration to come to Overview & Scrutiny Committee which would, amongst other matters pick up on some of the points raised in this debate. Councillor Walsh therefore withdrew his amendment.

Following the debate on the motion, the Council

RESOLVED: That the motion be not supported.

CO64 NOTICE OF MOTION DATED 29 SEPTEMBER 2023: MANAGEMENT OF HOUSING MAINTENANCE CONTRACTS AND THE HOUSING REVENUE ACCOUNT

In accordance with Council Procedure Rule 11, Councillor Matt Furniss proposed, and Councillor Philip Brooker seconded the following motion:

“This Council is extremely concerned to hear of yet more financial irregularities taking place, this time around a Council Housing Maintenance Contract.

Again, it follows a lack of financial controls and political oversight by this Council over the past four years which has led to the significant financial issues this Council now faces.

Therefore, this Council resolves:

- (1) That the Department for Levelling Up, Housing and Communities (DLUHC) be requested to send in a Best Value Commissioner no later than four weeks from today, to independently assess the Housing Contracts and management of the Housing Revenue Account at Guildford Borough Council.
- (2) That all documentation be transparently published for the public to be able to see the extent of the challenges faced by the Council”.

During the debate on the motion, Councillor George Potter gave notice of his intention to move a procedural motion to exclude the public from the meeting as there was a likelihood that there would be disclosure of exempt information which might prejudice the ongoing investigation into the allegations regarding housing maintenance contracts, which was seconded by Councillor Richard Lucas. Following the advice of the Monitoring Officer, that nothing said in the debate so far had caused concern regarding such disclosure, Councillor Potter withdrew his procedural motion.

Following the debate, the Council

RESOLVED: That the motion be not supported.

CO65 NOTICE OF MOTION DATED 29 SEPTEMBER 2023: VOTE OF CONFIDENCE IN THE LEADER OF THE COUNCIL

In accordance with Council Procedure Rule 11, Councillor Philip Brooker proposed, and Councillor Bilal Akhtar seconded the following motion:

“Guildford Borough Council is experiencing significant financial issues with respect to being able to set a balanced budget for years 2024 – 2025 and beyond, with the realistic prospect that a section 114 notice (insolvency) may have to be issued next year. This situation appears to have primarily been brought about through the erosion of reserves since 2019.

Further, there have been recent disturbing disclosures within the Housing Revenue Account (HRA). These disclosures indicate that a contractor has overrun his contract value by several million pounds. Councillors have only been made aware of this vast overspending in mid-September 2023. It has to be said that such astronomic differences between contract value and authorised payments would have been well documented with detailed reasons given in virtually any other commercial organisation. However, within Guildford Borough Council, it seems to have taken senior officers and controlling portfolio holders by surprise, indicating a total breakdown in all types of financial control and management.

The current Leader of the Council was in office as Leader for part of the coalition administration and was also the portfolio holder for Housing for the whole of the period covering the excess payments being made within the HRA; she is deeply associated with these debacles.

Therefore, this Council expresses no confidence in the current Leader of the Council and Portfolio Holder for Housing, and requires her immediate resignation.”

Following the debate, the Council

RESOLVED: That the motion be not supported.

The meeting finished at 10.12 pm

Signed

Mayor

Date

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Guildford Borough Council

Report to: Council

Date: 5 December 2023

Ward(s) affected: All

Report of Director: Transformation & Governance

Author: Vicky Worsfold, Lead Specialist Finance and Deputy CFO

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Lead Councillor responsible: Richard Lucas

Tel: 07834 020422

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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 revised¹ 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	Actual
	%	%	(£000)	(£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 was considered by the Corporate Governance and Standards Committee at its meeting on 16 November 2023. The Committee commended the report to the Executive, subject to a number of comments which are set out in section 8 below. At its meeting on 23 November 2023, the Executive also considered the report and commended the recommendation to the Council below for adoption.

2. Recommendation to Council:

- 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

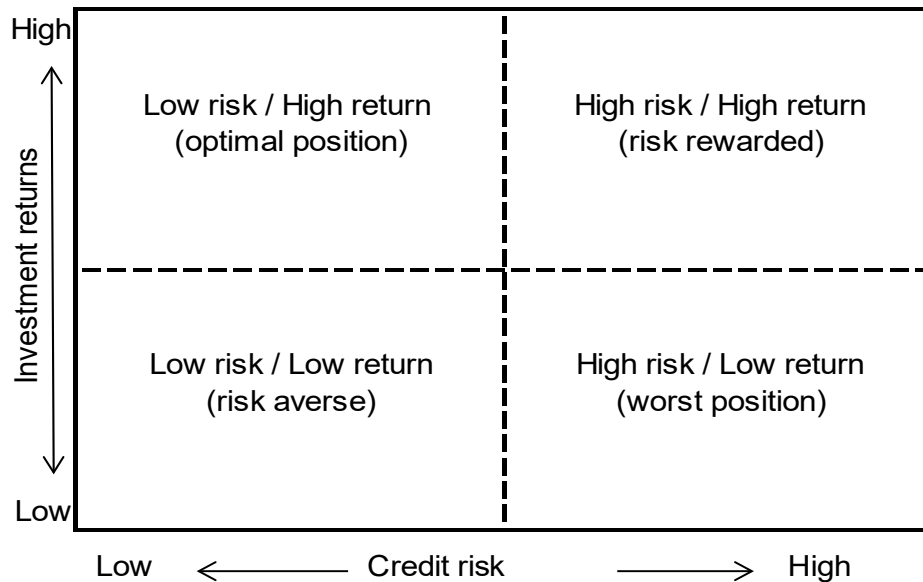
- Taking a prudent approach in relation to the investment activity in the year, with priority given to security and liquidity over yield
- Maintaining adequate diversification between counterparties
- Forecasting and managing cash flow to preserve the necessary degree of liquidity.

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.

Corporate Governance & Standards Committee – 16 November 2023

- 8.2 At its meeting on 16 November 2023, the Corporate Governance and Standards Committee considered this report and commended it to the Executive at its meeting on 23 November, subject to the following comments made by the Committee during its debate:
- In relation to the Council's investment property fund portfolio, it was noted that demand for light industrial units was particularly high, and this element of the portfolio had performed considerably better than other parts of the property market within Guildford.
 - Concerns were expressed regarding ongoing slippage in the capital programme and over provision in the budget for MRP. The Committee noted that MRP was calculated on a scheme-by-scheme basis, and it was only applicable when a capital scheme becomes operational. Where there was slippage, the impact on the budget for MRP was reduced.

- In response to a question as to the extent to which the Council was receiving a good return on its investments, and whether the Council should continue to hold certain investments, the Committee noted that a review of all investments would be taking place imminently.
- In relation to key points relevant to investment property in the local area, it was suggested that the office and retail markets were “stagnant” rather than “subdued”. Clarification was sought in respect of whether the comment in the report that landlords were “taking a 10-year approach when renting” meant that landlords were actually seeking 10-year leases.
- Clarification was also sought as to whether town centre retail vacancies were significantly down, and running at a lower vacancy rate than the south-east average.
- In response to a question as to the approximate proportion of the Public Works Loan Board (PWLB) debt related to assets acquired to increase rental incomes and therefore would no longer be allowed under the rules, it was confirmed that none of it was used for such purposes. It related mainly to the borrowing on the Housing Revenue Account and to the Weyside Urban Village project. The Council had used its own resources to finance the acquisition of investment properties.

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

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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 crystallised 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)
<u>Housing Revenue Account</u>			
HRA Capital Programme	60,190	26,355	(33,835)
Total Housing	60,190	26,355	(33,835)
<u>General Fund</u>			
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).

31 st March 2022 £'000	Loans Maturity (Liquidity Risk)	31 st 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**

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.

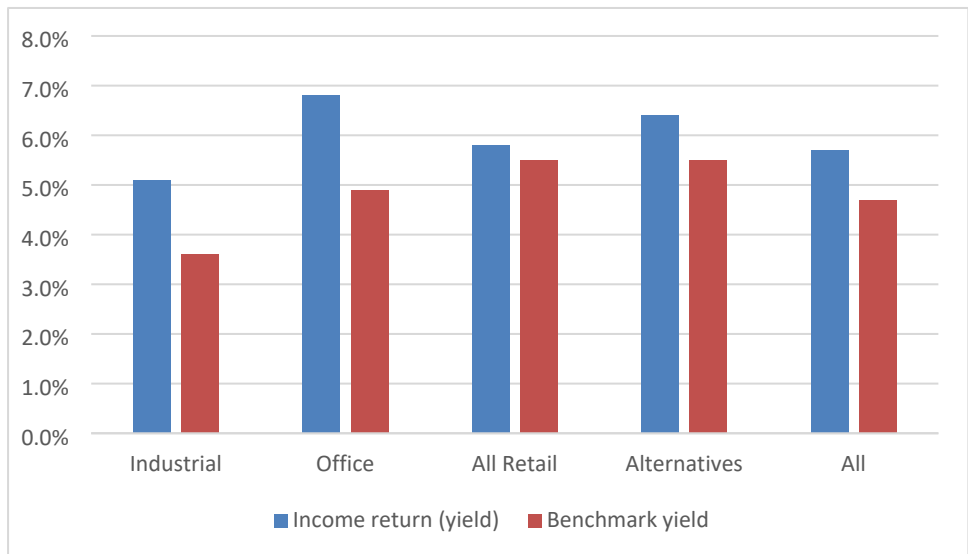
KEY POINTS – 2023 VALUATION

- 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 ACQUISITIONS & 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.

Property Investment Fund – 2022/23

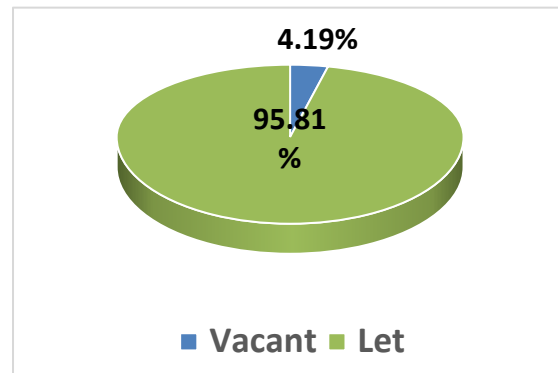
FUND STRATEGY

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.

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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) *

Rental income*					
	Industrial	Office	All Retail	Alternatives	All
2015/16	2,679,571	1,831,900	1,750,254	885,636	7,147,361
2016/17	3,057,302	1,858,638	1,447,672	1,062,137	7,425,749
2017/18	3,493,405	3,186,048	1,426,317	1,080,786	9,186,556
2018/19	3,619,808	3,038,548	1,459,048	1,129,361	9,246,765
2019/20	3,369,452	2,135,460	1,459,548	1,139,397	8,103,857
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

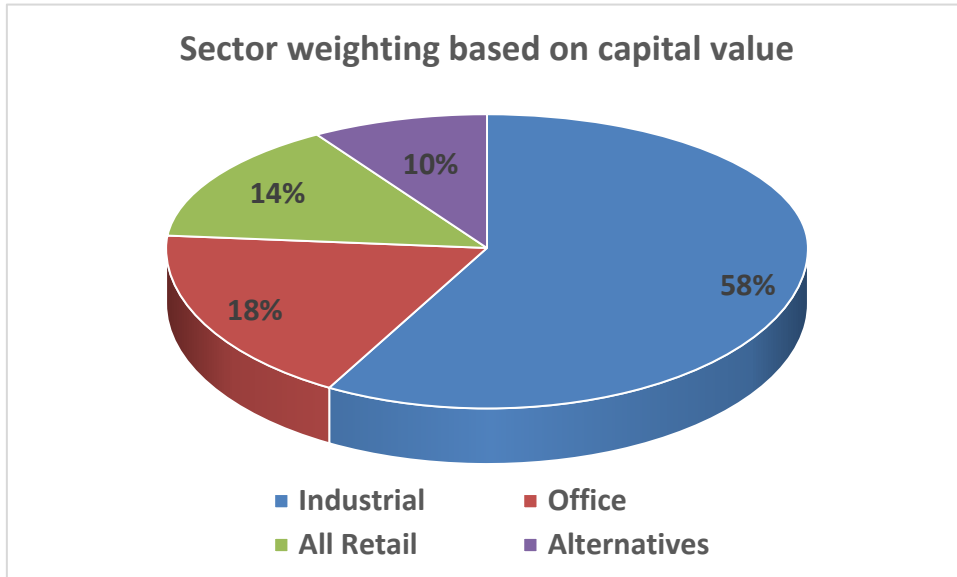
**Capital Values and rent at 31/1/23

*** 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.

	<p>Phase 2/3 Midleton Enterprise Park</p>	<p>14 out of 15 units let, generating a total rent of £521,000 p.a.</p>
	<p>37-39 Moorfield Road, Slyfield Industrial Estate</p>	<p>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.</p>

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.

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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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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		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
						Estimate approved by Council in February	Revised estimate												
				(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	£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		

GENERAL FUND CAPITAL PROGRAMME - ESTIMATED EXPENDITURE 2022-23 to 2027-28

Ref	Verfo ref	Code	Directorate / Service Units Capital Schemes	Gross estimate approved by Executive	Cumulative spend at 31-03-22	2022-23		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	2028-29 Est for year	2029-30 Est for year	2030-31 est for yr and SARP to 2323	Future years estimated expenditure	Projected expenditure total	Grants or Contributions towards cost of scheme	Net total cost of scheme to the Council	
						Estimate approved by Council in February	(e)																(f)
				£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	
PROVISIONAL SCHEMES (schemes approved in principle; further report to the Executive required)																							
COMMUNITY DIRECTORATE																							
Asset Management																							
ED21(P)			Methane gas monitoring system	150	-	-	-	-	-	-	150	-	-	-	-	-	-	-	150	150	-	150	
ED22(P)			Energy efficiency compliance - Council owned properties & Bridges	370	-	1,268	1,268	-	-	-	2,719	500	-	-	-	-	-	-	3,219	3,219	-	3,219	
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			
BS3(p)	BID201		Office Services 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 Millmead fish pass	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		Albany Closed Burial Ground(no longer read)	60	-	60	60	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
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 cemetery 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 Corridor	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 read)	500	-	-	-	-	-	-	-	-	0	-	-	-	-	-	-	-	-	-	
Development Financial																							
ED16(P)	PR350		WUV (Wayside 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	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	
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	0	0	0	30,100	0	0	0	0	31,250	31,250	0	31,250
development- financial benefit				190,264	0	28,292	28,292	0	0	0	1,672	28,747	47,931	37,392	34,613	14,960	18,859	0	0	184,174	184,174	0	184,174
TOTAL				255,337	0	44,486	43,706	0	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 EXPENDITURE

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													
		P59108	ENERGY PROJECTS per GBC INVEST TO SAVE RESERVE: GBC 'Invest to Save' energy projects (to be repaid in line with savings)			-		-	-	-					-	-
R-EN14	BID207		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)	60	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 :																
R-SPA1		P20...	SPA schemes (various)	100	annual	-	151	-	-	151	-	-	-	-	151	151
		P201..	Chantry Woods													
R-SPA2		P202..	Efingham													
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		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
						Estimate approved by Council in February	Revised estimate												
				(a)	(b)	(c)	(d)	(e)	(f)	(i)	(ii)	(iii)	(iv)	(v)	(g)	(b)+(f)+(g) = (h)	(i)	(h)-(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	
APPROVED S106 SCHEMES - TOTAL	
GRAND TOTAL	

91	58	409	282	283	121	-	-	-	-	121	495	(501)	-
91	58	409	282	283	121	-	-	-	-	121	495	(501)	-

FINANCED BY - S106 CONTRIBUTIONS

(91)	(58)	(409)	(282)	(283)	(121)	-	-	-	-	(121)	(495)	501	-
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GENERAL FUND CAPITAL PROGRAMME : SUMMARY OF RESOURCES AND FINANCIAL IMPLICATIONS

1.0 AVAILABILITY OF RESOURCES - NOTES :

1.1 The following balances have been calculated taking account of estimated expenditure on the approved capital schemes

1.2 The actuals for 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

Estimated capital expenditure

Main programme - approved
Main programme - provisional
s106
Reserves
GF Housing

Total estimated capital expenditure

To be funded by:

Capital receipts (*per 2.above*)

Contributions

R.C.C.O.:

Other reserves

Balance of funding to be met from (i) the Capital Reserve, and (ii) borrowing

Total funding required

	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
	38,096	111,949	34,053	157,316	26,858	2,666	2,000	2,000
	0	44,486	0	8,234	38,854	59,863	41,892	72,345
	72	58	283	121	0	0	0	0
	1,609	1,618	1,109	1,563	940	0	0	0
	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 (<i>per 2.above</i>)	(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
<u>R.C.C.O.:</u>								
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)

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4.0 General Fund Capital Schemes Reserve (U01030)

Balance as at 1 April

Add: General Fund Revenue Budget variations

Contribution from revenue

Less: Applied re funding of capital programme

Balance after funding capital expenditure etc.as at 31 March

	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
	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0
	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
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Agenda item number: 8
Appendix 3

GENERAL FUND CAPITAL PROGRAMME : SUMMARY OF RESOURCES AND FINANCIAL IMPLICATIONS

5.0 Housing capital receipts (pre 2013-14) - estimated availability/usage for Housing, Affordable Housing and Regeneration projects - GBC policy

	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 (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

5.1 Housing capital receipts (post 2013-14) - estimated availability/usage for Housing, Affordable Housing and Regeneration projects only (statutory (impact CFR))

	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 (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

6.1 Estimated annual borrowing requirement

	2021-22	2022-23	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	Total £'000s
Bids for funding (net)	24,264	108,801	26,082	125,397	65,492	39,648	16,775	51,752	325,146
Total estimated borrowing requirement if all bids on Appendix 1 approved		108,801	26,082	125,397	65,492	39,648	16,775	51,752	325,146

Agenda item number: 8
Appendix 3

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	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	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			7,100					7,100
Schemes to promote Home-Ownership														
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

GUILDFORD B.C. - HOUSING INVESTMENT PROGRAMME 2022-23 to 2027-28: HRA PROVISIONAL PROGRAMME

Project Budget	2021-22 Actual	Project Spend at 31-03-22	2022-23 Estimate	Carry Forward	2022-23 Revised Estimate	2022-23 Projected Outturn	2023-24 Estimate	2024-25 Estimate	2025-26 Estimate	2026-27 Estimate	2027-28 Estimate	Total Project Exp
£000	£000	£000	£000		£000	£000	£000	£000	£000	£000	£000	£000
New Build												
Guildford Park	16,000	0	1,225	26	0	26	0	0	14,775	0	0	16,000
Guildford Park (from GF)	23,125	0	0	0	0	0	1,173	13,749	8,203	0	0	23,125
Bright Hill	3,000	0	0	3,000	0	3,000	0	3,000	0	0	0	3,000
Bright Hill Development (from GF)	13,500	0	0	680	0	680	0	5,680	7,000	820	0	13,500
Slyfield (25/26 £5m; 26/27 £44m)	50,000	0	0	1,000	0	1,000	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	500
Major Repairs & Improvements												
Major Repairs & Improvements	annual		annual	0	0	0	0		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	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	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 receipts	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

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 Council	5,000,000	1.1000%	27-Apr-20	26-Apr-21
Metropolitan 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			

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Appendix 4

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 Walden	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.

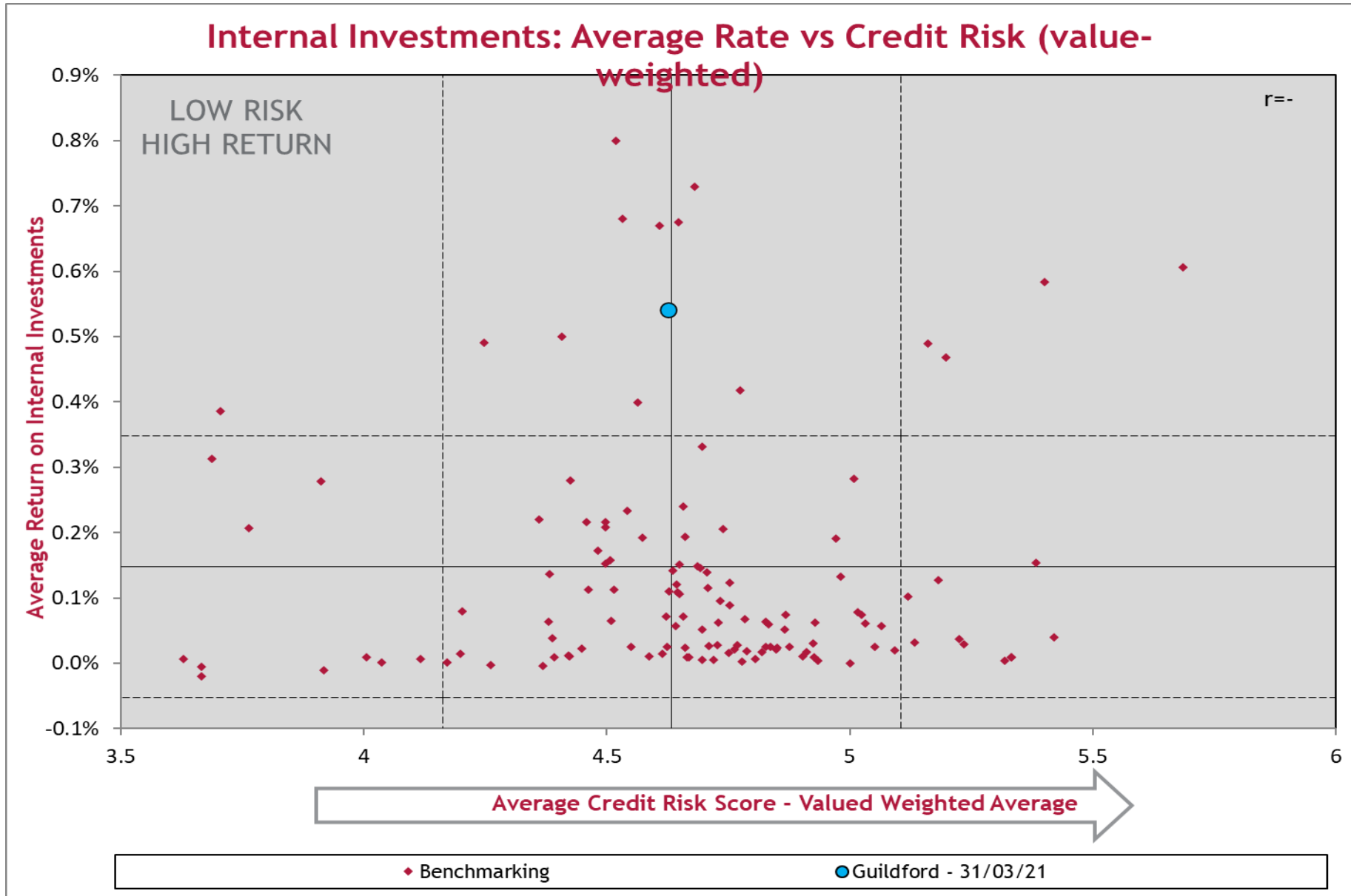
Credit Default Prices had been rising since the start of the period on the back of the invasion of Ukraine, and in the UK rose further in September/October at the time of the then-government's mini budget. After this, CDS prices had been falling, but the fallout from SVB caused a spike on the back of 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.

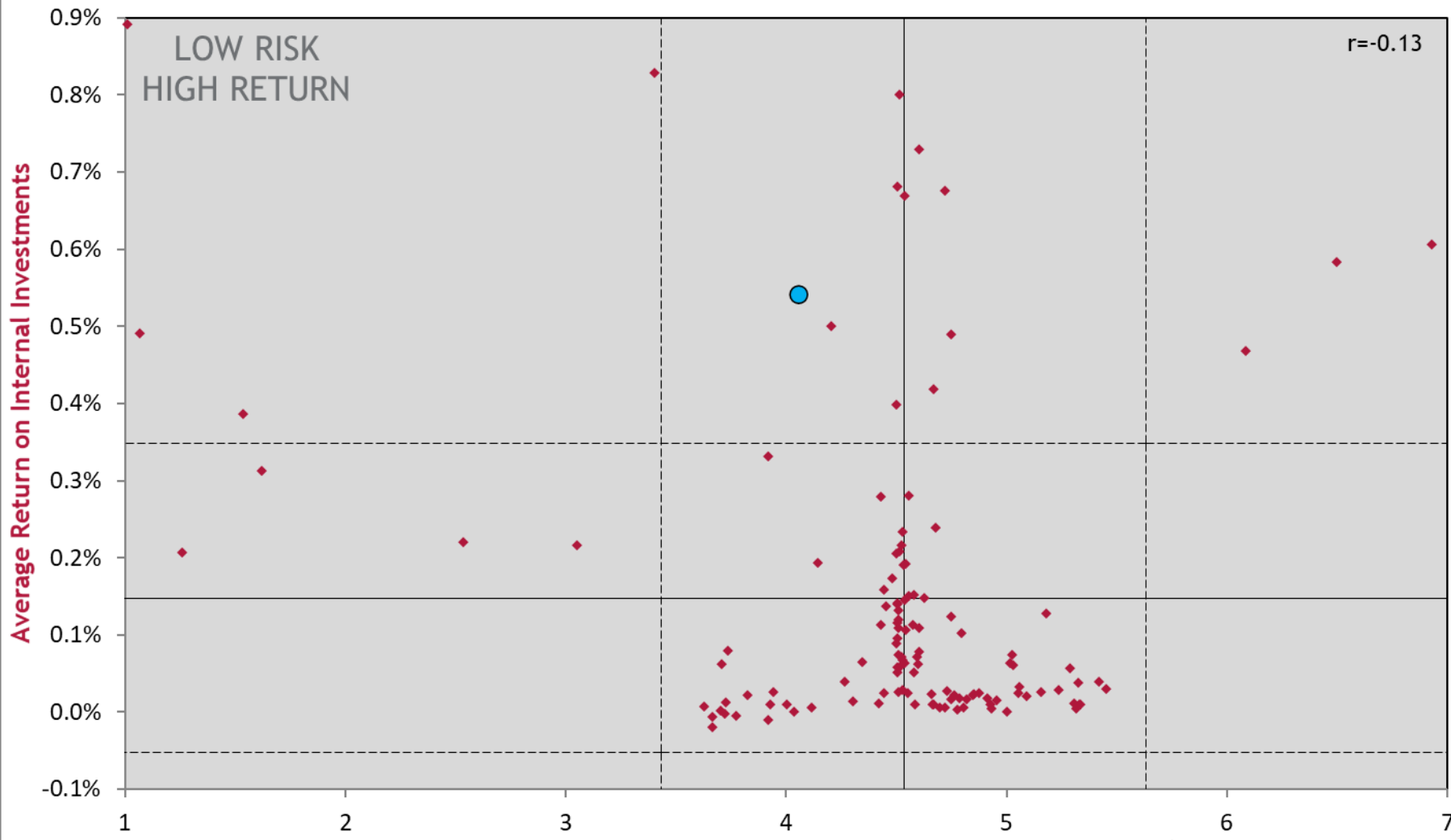
As market volatility is expected to remain a feature, at least in the near term and, as ever, the institutions and durations on the Authority's counterparty list recommended by Arlingclose remains under constant review.

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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Average Rate vs Credit Risk (time-weighted)



Average Credit Risk Score - Time Weighted Average

◆ Benchmarking ● Guildford - 31/03/21

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+	Aa1	AA+
	AA	Aa2	AA
	AA-	Aa3	AA-
	A+	A1	A+
	A	A2	A
	A-	A3	A-
	BBB+	Baa1	BBB+
	BBB	Baa2	BBB
	BBB-	Baa3	BBB-
Sub Investment Grade	BB+	Ba1	BB+
	BB	Ba2	BB
	BB-	Ba3	BB-
	B+	B1	B+
	B	B2	B
	B-	B3	B-
	CCC+	Caa1	CCC+
	CCC	Caa2	CCC
	CCC-	Caa3	CCC-
	CC+	Ca1	CC+
	CC	Ca2	CC
	CC-	Ca3	CC-
	C+	C1	C+
	C	C2	C
	C-	C3	C-
	D		D or SD

Fitch	Moody's	Standard & Poor's
AAA Highest credit quality. 'AAA' ratings denote the lowest expectation of credit risk. They are assigned only in the case of exceptionally strong capacity for payment of financial commitments. This capacity is highly unlikely to be adversely affected by foreseeable events.	Aaa Obligations rated Aaa are judged to be of the highest quality, with minimal credit risk.	AAA An obligator rated 'AAA' has extremely strong capacity to meet its financial commitments. 'AAA' is the highest issuer credit rating assigned by Standard & Pooers.
AA 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: Council

Date: 5 December 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 £11m 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.
- 1.9. This report was considered by the Corporate Governance & Standards Committee at its meeting on 16 November 2023. The Committee supported the recommendation below, subject to a number of comments which are set out in section 10 below. At its meeting on 23 November 2023, the Executive noted the updated MTFP position and the further work ongoing to produce a balanced budget for 2024-25, and also commended the recommendation to the Council below for adoption.

2. Recommendation to Council

- 2.1. That the proposed changes to the Approved and Provisional Capital Programmes set out in Appendix 1 to this report 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 some 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

Corporate Governance & Standards Committee – 16 November 2023

10.1 At its meeting on 16 November 2023, the Corporate Governance and Standards Committee considered this report and commended it to the Executive subject to the following comments made by the Committee during its debate:

- In response to a question as to whether increased housebuilding was factored into future Council Tax funding assumptions and whether it had much of a significant effect, the Interim Section 151 Officer confirmed that the finance team had built an assumption each year, both around the actual increase in Council Tax, assuming that the capping limit would remain at 2.99%, and also an assumption of taxbase growth year on year.
- Concern that measures to be actively implemented over the four-year period only constituted approximately half what was assumed to be the total range of measures that would be needed to get the Council back to the financial position in which it wanted to be. In response, the Interim Section 151 Officer confirmed that approximately half of the £18.3 million budget gap effectively comprised of additional borrowing costs, but that other workstreams being undertaken as part of the Financial Recovery Plan such as income reviews, for example around car parking were generating a significant contribution towards closing that budget gap. Contract renewals, such as utilities, were likely to generate further significant savings.
- Concerns over proposals in the approved capital programme to delay flood resilience measures, and traveller transit site provision. A response from the relevant heads of service, setting out the reasons for the delay would be circulated to the Committee.
- In response to a question as to whether extra car park revenue of approximately £950,000 would be achieved in the current year, the Interim Section 151 Officer confirmed that was his expectation, and that it may even be exceeded. It was noted that approximately £80,000 of that figure was expected to comprise parking fines.
- It was noted that the wording of paragraph 11.2 of the report needed to be updated to reflect the fact that the revised projected budget gap over the MTFP period was now £7.3 million, rather than £18.3 million. This would be corrected.
- It was noted that not all of the £96 million of the reduction in the capital programme attracted MRP, and the revenue saving was only £2.5 million. It would be useful to understand what the implications for MRP were for each of the proposed reductions in the various capital projects. In response, the Interim Section 151 Officer indicated that this could be incorporated into the report on the Capital &

Investment Strategy to be taken to the budget Council meeting in February.

- Support the assumptions in the report about capital asset disposal.
- Query the pay assumption at 3.3% when inflation was still high. The Interim Section 151 Officer stated that the average pay award over the three-year period was 3.3%, but understood that it was frontloaded in the provision for next year.
- Concern was expressed, and clarification was sought, in respect of the Council's intentions in relation to the Shaping Guildford's Future project. The Interim Section 151 Officer informed the Committee that it was proposed to remove the capital allocation of £4.1 million within the programme, and that there would be some revenue impacts which would be brought forward as part of the budget proposals in February.
- Clarification was sought in respect of the reference in paragraph 9.2 of the report that the 2023-24 in-year position was balanced whilst the table in paragraph 9.1 had indicated that the remaining target to be achieved in 2023-24 was £600,000. In response, the Interim Section 151 Officer explained that in terms of balancing the budget for the current financial year, many of the actions taken, for example, holding vacancies and stopping some discretionary expenditure, were of a one-off nature, and would not be repeated as base budget adjustments for the next financial year. The £600,000 referred to needed to be addressed as extra base budget savings to balance the budget in the next financial year.
- Clarification was also sought in respect of the reference in the report to possible policy changes (accounting and discretionary policies) as one of the potential further measures to reduce the shortfall. In response, the Interim Section 151 Officer explained that this related to matters over which the Council had some discretion such as reviewing the charges we make both into and out of the Housing Revenue Account, which impacted on the General Fund.
- The report needed to be explicit and honest about the climate change and sustainability implications of some of the proposed changes to provisional schemes in particular. For example, energy efficiency compliance, flood resilience, and electric waste vehicles were being delayed, and the sustainable movement corridor was no longer required.

- 10.2 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 now £7.3m 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 SIMPLICITY

GENERAL FUND CAPITAL PROGRAMME - ESTIMATED EXPENDITURE 2023-24 to 2028-29

Code	Directorate/Service and Capital Scheme name		Current Budget 2023-24	Proposed Change 2023-24	2024-25 Est for year	Proposed Change 2024-25	2025-26 Est for year	Proposed Change 2025-26	2026-27 Est for year	Proposed Change 2026-27	2027-28 Est for year	Proposed Change 2027-28	2028-29 Est for year
			£000		£000		£000		£000		£000		£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 cemetery 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	Proposed Change 2023-24	2024-25 Est for year	Proposed Change 2024-25	2025-26 Est for year	Proposed Change 2025-26	2026-27 Est for year	Proposed Change 2026-27	2027-28 Est for year	Proposed Change 2027-28	2028-29 Est for year
			£000		£000		£000		£000		£000		£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	Shapina Guildford Future (SGF)	Revenue cost for	-		4,170	(4,170)	-		-		-		-
P79026	Internal Estate Road - CLLR Phase 1		193		-		-		-		-		-
P74039 / P79100/P18227	WUV (Weyside Urban Village)		86,935		23,517		-		-		-		-
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 TOTAL			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	Current Budget 2023-24	Proposed Change 2023-24	2024-25 Est for year	Proposed Change 2024-25	2025-26 Est for year	Proposed Change 2025-26	2026-27 Est for year	Proposed Change 2026-27	2027-28 Est for year	Proposed Change 2027-28	2028-29 Est for year
			£000	£000	£000		£000		£000		£000		£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 cemetery 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 Corridor	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

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Guildford Borough Council

Council Report

Date: 5 December 2023

Ward(s) affected: n/a

Report of Strategic Director: Transformation & Governance

Author: John Armstrong, Democratic Services & Elections Manager

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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. The Council is invited to consider the IRP's recommendations for a new scheme of allowances, together with the recommendations of the Executive, prior to determining whether a new scheme of councillors' allowances should be brought into effect on 1 April 2024.
- 1.3 At its meeting on 23 November, the Executive considered this report and agreed the recommendations to Council as set out in paragraph 2 below. This will be the motion tabled at the Council meeting for debate.

2. Recommendation to Council:

That the Council:

- (1) defers consideration of the report of the Independent Remuneration Panel on the review of councillors' allowances for a period of 12 months;
- (2) retains the current scheme of allowances without indexation, which effectively freezes councillors' allowances at their current level for the 2024-25 financial year; and
- (3) thanks the Independent Remuneration Panel for their work.

3. Reason for Recommendation

- 3.1 In view of the Council's current financial position and the Council's determination to resolve those difficulties, now was not the right time to be increasing councillors' allowances.

4. Exemption from publication

- 4.1. None

5. Purpose of Report

- 5.1 To enable the Council to consider the report and recommendations of the Council's Independent Remuneration Panel (IRP) regarding their recent review of councillors' allowances.

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 legislation¹ 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**.

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 website².

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.

¹ Sections 3 and 5 of the Local Government Act 1972

² <https://www.guildford.gov.uk/article/18872/Councillors-allowances>

- 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 (est)	18,153
Travelling & Subsistence Allowance (est)	5,000
Dependants' Carers' Allowance (est)	2,500
Total:	571,561

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, and have regard to, the recommendations therein. The Council may agree a new scheme of councillors' allowances for implementation with effect from the beginning of the 2024-25 financial year. Alternatively, the Council may choose not to approve some, or all, of the IRP's recommendations and decide upon different levels of allowances for various councillor roles, or to freeze allowances at their current level and reconsider the IRP's recommendations at a later date.

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**).

13.3 Any new Scheme of Allowances, 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.



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

November 2023

Agenda item number: 10
Appendix 1

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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.

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

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

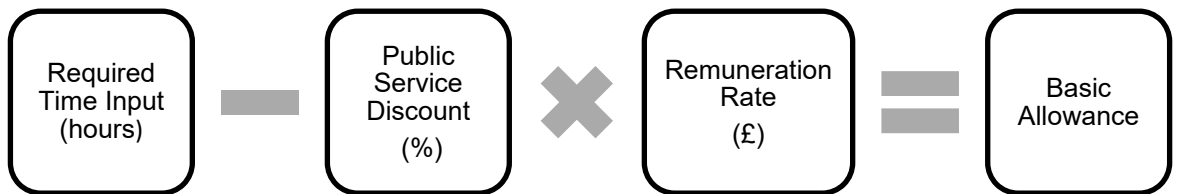
4.2 In addition to the regular cycles of Council and committee meetings, a number of boards/working groups involving councillors also operate. Many councillors are also appointed by the Council to a number of external organisations.

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

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.

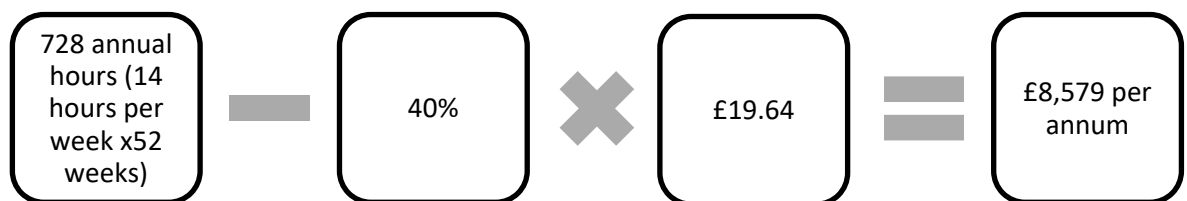
Remuneration Rate

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:



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 2023/24⁶ (£)	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

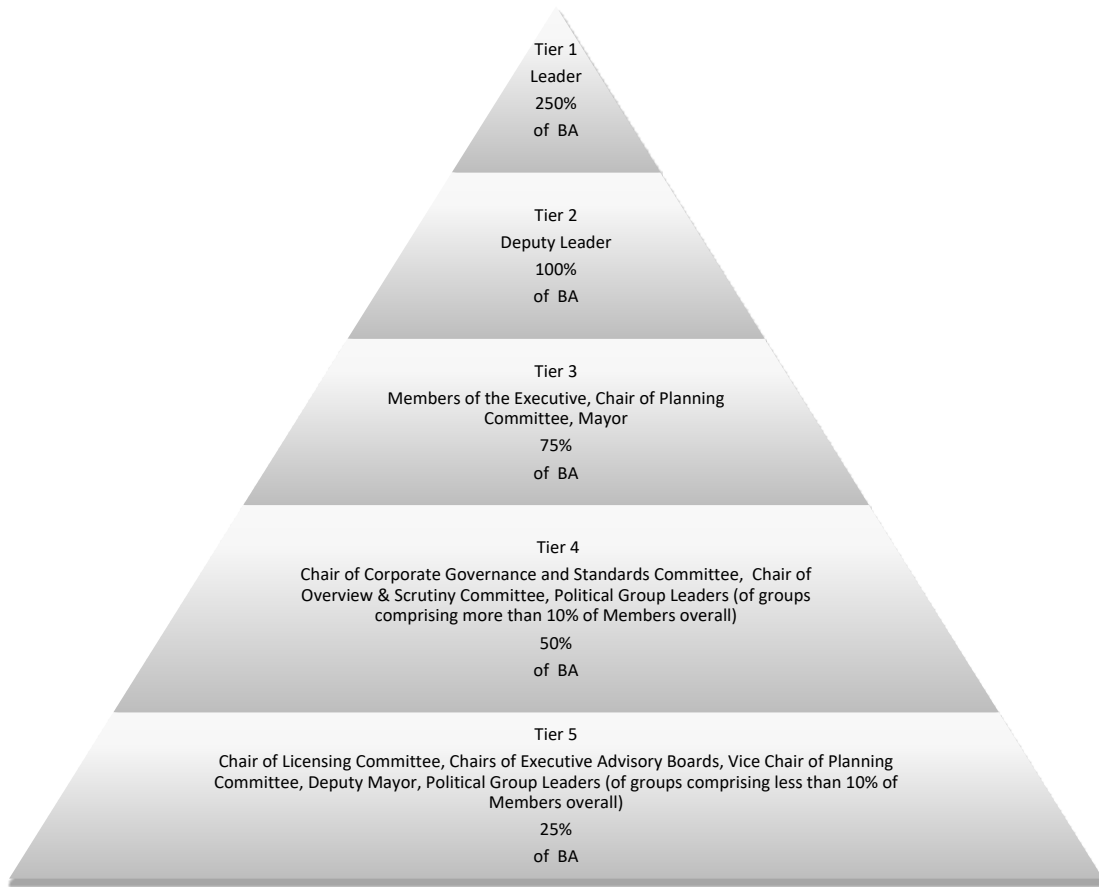
4.24 In accordance with the 2003 Statutory Guidance (paragraph 72) the Panel is of the view that no more than 50% of Council Members (24 Members) should receive an SRA at any one time.

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.

Leader of the Council (TIER ONE)

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.

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)

- 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:

$$6 \times £19.64 = £117.84$$

$$\text{Less 40\% (£47.14)}$$

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:

Motor Mileage Allowance:

Cars 45p per mile
Motorcycles: 24p per mile

Cycle Allowance: 20p per mile

Day Subsistence Allowance

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:

“Subsistence Allowance:

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.***

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 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-imbusement 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
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Designated Licensing Sub Committee Chairs	£316 per meeting	7	£71 per meeting	-
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Dependants' Carers' Allowance	£11.92 per hour		See page 23 above	
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Co-Optees' Allowance	£419	6 ²	£429	5% of BA
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Travelling & Subsistence Allowances				
<u>Motor Mileage Allowance</u>				
Cars	45p per mile		45p per mile	
Motorcycles	24p per mile		24p per mile	
<u>Cycle Mileage Allowance:</u>	20p per mile		20p per mile	
<u>Day Subsistence Allowance:</u>			See page 21 above	
Breakfast	£6.88			
Lunch	£9.50			
Tea	£3.76			
Evening Meal	£11.76			
<u>Overnight Subsistence Allowance:</u>				
London	£102			
Elsewhere	£89			

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

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 Cttee	6,677	1	6,677	4,290	50% of BA	4,290
Chair: Corp Gov & Standards Cttee	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 Cttee 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)	50% of BA	12,870
				2,145 (Leaders of groups of less than 10% of members overall)	25% of BA	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

Agenda item number: 10
Appendix 1

Increase						16,166
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*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		
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Travelling & Subsistence Allowances						
<u>Motor Mileage Allowance</u>						
Cars	45p per mile			45p per mile		
Motorcycles	24p per mile			24p per mile		
<u>Cycle Mileage Allowance:</u>	20p per mile			20p per mile		
<u>Day Subsistence Allowance:</u>						
Breakfast	£6.88					
Lunch	£9.50					
Tea	£3.76			See page 21 above		
Evening Meal	£11.76					
<u>Overnight Subsistence Allowance:</u>						
London	£102					
Elsewhere	£89					

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 from the beginning of the 2025-26 financial year up to and including the 2027-28 financial year. 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. Subsistence Allowance:
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.

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 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.

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.

DRAFT

Guildford Borough Council

Report to: Council

Date: 5 December 2023

Ward(s) affected: All

Report of: Susan Sale, Acting Returning Officer

Authors: Elaine Bradbrook/ John Armstrong

Tel: 01483 444022

Email: susan.sale@guildford.gov.uk

Report Status: Open

Polling District & Polling Places Review 2023

1. Executive Summary

- 1.1 The purpose of this report is to consider recommendations arising from the recent review of polling districts and polling places undertaken by the Electoral Services Manager. A list of existing polling districts and current designated polling places is attached as **Appendix 1** to this report.
- 1.2 This statutory review, which is based on polling districts and polling places for parliamentary elections and is based on the proposed new parliamentary constituencies, must be carried out during the 16-month period commencing 1 October 2013 and every fifth year after that.
- 1.3 The consultation period commenced on 13 October 2023 and ended on 17 November 2023 and 58 responses were received. Details of the representations received during the consultation are set out in **Appendix 2**.

- 1.4 A screening Equality Impact Assessment (EIA) was carried out, but a full EIA was not considered to be appropriate.
- 1.5 There are no changes recommended for polling districts and recommendations for changes to two designated polling places are set out below.

2. Recommendation to Council:

- 2.1 That no changes be made to existing polling districts.
- 2.2 That the following proposed changes to designated polling places be approved:
 - (a) That the designated polling place in polling district SN2 Stoughton North (North-West) within Stoughton North Ward be changed from Stoughton Infant School to Stoughton Methodist Church, Stoughton Road, Guildford, GU2 9PT.
 - (b) That the designated polling place in polling district C&H6 West Horsley (North) within the Clandon and Horsley Ward be changed from the Raleigh School to The Wheelhouse, 82 East Lane, West Horsley, Leatherhead, KT24 6LQ.

3. Reason for Recommendation:

- 3.1 As a result of this statutory review, the new designated polling places will improve elector polling experience, improve access, and further reduce the necessity for schools to close on polling days.

4. Exemption from publication

- 4.1 No part of this report is exempt from publication.

5. Purpose of Report

- 5.1 The Council is asked to approve changes to two designated polling places referred to in paragraph 7.11. Once approved as designated polling places, these will be used whenever an election is held within the Guildford Parliamentary Constituency or the Guildford Borough voting area (as relevant).

6. Strategic Priorities

- 6.1 The outcome of the polling district and polling place review and the changes made offer the public better access to polling places. It reflects as far as possible what the community needs given the sometimes still limited choice of public buildings available for voting. The relocation of some of the designated polling places will particularly assist with disabled access and the secrecy of the vote, which is a key consideration in the location of any polling station. This falls within the Council's mission of being a "trusted, efficient, innovative, and transparent Council that listens and responds quickly to the needs of our community". It also falls within the Community strategic priority by tackling inequality in our communities.
- 6.2 In addition, where it has been possible to relocate polling places away from schools, there will clearly be less disruption experienced by parents and children attending those schools which normally close on polling day. This ensures a better-quality service to the public and falls within the remit of our values of putting the interests of our community first, listening to the views of residents, and being open and accountable in our decision-making.

7. Background

- 7.1 A polling district is a sub-area of an electoral area (such as a ward or constituency) that is divided for the purposes of delivering an election. In parished areas, each parish or parish ward is to be treated as a separate polling district. A polling place is the building or area in which polling stations will be located. A polling place within a polling district must be designated so that polling stations are within easy reach of all electors from across the polling district. The polling station is the actual room or area where the voting takes place. There should be no more than 2,500 electors allocated to a particular polling station.
- 7.2 The responsibility for designating polling districts is for the Council to determine. In drawing up polling district boundaries the Council must ensure that all electors in the area have such reasonable facilities for voting as are practicable in the circumstances.

- 7.3 Polling places are normally designated within the boundary of the polling district unless there are special circumstances that prevent this, for example a lack of suitable buildings.
- 7.4 In designating polling places, the Council must seek to ensure that:
- a) all electors have such reasonable facilities for voting as are practicable in the circumstances; and
 - b) so far as is reasonable and practicable, the polling places they are responsible for are accessible to all electors, including those who are disabled.
- 7.5 A list of the existing polling districts and current designated polling places is attached as **Appendix 1** to this report.
- 7.6 The review relates to polling districts and polling places within the Guildford Parliamentary Constituency; however, each local authority is expected to carry out the review within its own borders with representations from the relevant neighbouring constituency Acting Returning Officers taken into account. The Acting Returning Officers for the Surrey Heath and Godalming & Ash constituencies were contacted as part of the consultation and no concerns with polling districts or polling places have arisen.
- 7.7 The consultation period in respect of the current review commenced on 13 October 2023 with the public (via the website), councillors, MPs, election agents, parish councils, Guildford Access Group, and lettings managers of polling places. The lettings managers were asked to indicate whether:
- (a) they saw any reason why their premises should not be used as polling places from 2024 onwards,
 - (b) there were any expected refurbishments likely to affect the use of their premises as polling places, and
 - (c) there were any access issues that needed to be addressed
- 7.8 Representations were also sought from the Acting Returning Officers of Surrey Heath and Godalming & Ash constituencies that fall within

the Guildford Borough boundary. Views were sought on the location of polling districts and in particular polling places within those districts in relation to accessibility by the majority of the electorate and also disabled people. The deadline for comments was Friday 17 November 2023.

- 7.9 Fifty-eight representations were received from councillors, parish councils, lettings managers, and from the Labour Party and Green Party. A summary of the responses received is set out in **Appendix 2**. No objections have been received from the Acting Returning Officers of Surrey Heath and Godalming & Ash constituencies regarding the continued use of these polling places at parliamentary elections.
- 7.10 All polling places that are to remain unchanged are deemed satisfactory for use at present, but the situation will, as always, be kept under review.
- 7.11 Several suggestions were received for new changes to polling places and the feasibility of these options have been evaluated by the Electoral Services Manager and recommendations discussed with local ward councillors and parish councils. The Returning Officer’s response, where necessary, to the representations is also set out in **Appendix 2**. No changes are proposed to any of the polling districts.

Proposed changes to Designated Polling Places

- 7.12 As a result of the consultation during the 2023 review, the following permanent changes to two designated polling places are recommended:

Polling District	Previous Designated polling place after 2019 review	Recommended Designated polling place from 2023 review onwards	Reason(s) for change
SN2	Stoughton Infant School, Stoughton Road, Guildford, GU2 9ZT	Stoughton Methodist Church, Stoughton Road, Guildford, GU2 9PT	To avoid the school having to close on polling day and to improve disabled access

Polling District	Previous Designated polling place after 2019 review	Recommended Designated polling place from 2023 review onwards	Reason(s) for change
C&H6	The Raleigh School, Northcote Crescent, West Horsley, KT24 6LX	The Wheelhouse, 82 East Lane, West Horsley, KT24 6LQ	To avoid the school having to close on polling day and to improve disabled access

7.13 The Returning Officer has the delegated power to use an alternative polling place at any election/referendum should they consider it to be necessary to make a temporary change.

8. Equality and Diversity Implications

8.1 A screening Equality Impact Assessment (EIA) was completed in September 2023. The main concerns were around disability and age. As these aspects have been fully taken into account in the review and the overall adverse impact score was low, it was not considered necessary to conduct a full EIA.

9. Financial Implications

9.1 There are no significant financial implications arising directly from the proposals in this report. Costs associated with the hire of venues for use as polling stations are recovered in full for all elections, except Borough Council elections.

10. Legal Implications

10.1 Each local authority is obliged according to section 18C (1) of the Representation of the People Act 1983 (as amended by section 17 of the Electoral Registration and Administration Act 2013) to conduct a review of polling districts and polling places within its area. The review must be carried out during the 16-month period commencing 1 October 2013 and every fifth year after that.

- 10.2 Schedule A1 to the Representation of the People Act 1983 prescribes the statutory steps for an authority conducting a polling district review.

11. Human Resource Implications

- 11.1 There are no human resource implications arising from the proposals in this report. Polling station staff (presiding officers and poll clerks) are appointed for each election. In considering suitable premises for designation as a polling place, the Returning Officer takes into account a number of factors, which include ensuring that the working conditions for the polling station staff are adequate with appropriate rest facilities, as well as ensuring that a building is accessible for voters.

12. Conclusion

- 12.1 The Council is asked to agree that no changes be made to existing polling districts, and to approve the two proposed new designated polling places as listed in paragraph 7.12 above as they improve the polling experience for electors, improve access, and save the disruption of closing local schools on polling day.
- 12.2 The Returning Officer together with the Electoral Services Manager will continue to review the use of individual polling places and make temporary changes under delegated powers as the need arises at each election.

13. Background Papers

Responses received to the consultation on the polling district review. Screening Equality Impact Assessment (EIA) (September 2023).

14. Appendices

- Appendix 1: List of existing polling districts and current designated polling places
- Appendix 2: Summary of the representations received during the consultation and Returning Officer's response

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Current Designated Polling Places

	Borough Ward	Polling District Ref:	Designated Polling Place
1	Ash South	AS1 – Ash South (West)	Ash Manor School Manor Road, Ash GU12 6QH
2	“	AS2 – Ash South (East)	Holy Angels Catholic Church 65 Ash Church Road, Ash, GU12 6LU
3	Ash Vale	AV1 – Ash Vale (North)	Holly Lodge Primary School Stratford Road, Ash Vale, GU12 5PX
4	“	AV2 – Ash Vale (South)	St Mary's Community Centre Vale Road, Ash Vale, GU12 5JE
5	Ash Wharf	AW1 - Ash Wharf (Shawfields West)	Japonica Court Shawfield Road, Ash, GU12 6QU
6	“	AW2 - Ash Wharf (Shawfields East)	Primrose Hall Church View, Ash, GU12 6RT
7	“	AW3 - Ash Wharf (Ranges)	Victoria Hall Ash Hill Road, Ash, GU12 5DN
8	Bellfields & Slyfield	B&S1 - Bellfields (South West)	New Hope Church Larch Avenue, Guildford, GU1 1JY
9	“ “	B&S2 - Bellfields (North East)	Bellfields Youth Centre Hazel Avenue, Guildford, GU1 1NA
10	“ “	B&S3 - Bellfields and Slyfield	Stoke & District Horticultural Club Bellfields Road, Guildford, GU1 1QG
11	Burpham	B1 - Burpham (North)	Sutherland Memorial Hall Clay Lane, Burpham, GU4 7JU
12	“	B2 - Burpham (South)	Burpham Village Hall Burpham Lane, Burpham, GU4 7LP
13	Castle	C1 - Castle (West)	Guildford Adult Learning Centre Sydenham Road, Guildford, GU1 3RX
14	“	C2 - Castle (South East)	The Spike Warren Road, Guildford, GU1 3JH
15	“	C3 - Castle (North)	Christ Church 23 Waterden Road Guildford GU1 2AZ
16	Clandon & Horsley	C&H1 - East Clandon	East Clandon Village Hall The Street, East Clandon, GU4 7RX
17	“ “	C&H2 - West Clandon	West Clandon Village Hall The Street, West Clandon, GU4 7TD

	Borough Ward	Polling District Ref:	Designated Polling Place
18	“ “	C&H3 - East Horsley (South)	St Martins Church Hall Ockham Road South, East Horsley, KT24 6RL
19	“ “	C&H4 - East Horsley (Central)	East Horsley Village Hall Kingston Avenue, East Horsley, KT24 6QT
20	“ “	C&H5 - Effingham Junction	St Martin's Community Hall Forest Road, Effingham Junction, KT24 5HD
21	“ “	C&H6 - West Horsley (North)	Raleigh School Northcote Crescent West Horsley, KT24 6LX
22	“ “	C&H7 - West Horsley (South)	West Horsley Village Hall The Street, West Horsley, KT24 6DD
23	Effingham	E1 - Effingham (North)	King George V Hall Browns Lane, Effingham, KT24 5ND
24	“	E2 - Effingham (South)	King George V Hall Browns Lane, Effingham, KT24 5ND
25	Merrow	M1 - Merrow (North)	Merrow C of E Infant School Kingfisher Drive, Merrow, GU4 7EA
26	“	M2 - Merrow (Central)	Merrow Village Hall 177 Epsom Road Guildford GU1 2QY
27	“	M3 - Merrow (South)	Boxgrove Primary School Boxgrove Lane, Guildford, GU1 2TD
28	Normandy & Pirbright	N&P1 - Normandy	St Mark's Church Hall Guildford Road, Normandy GU3 2DA
29	“ “	N&P2 - Pirbright	Lord Pirbright's Hall The Green Pirbright GU24 0JE
30	Onslow	O1 - Onslow (Central)	Queen Eleanor's Junior School Queen Eleanor's Road, Guildford, GU2 7SD
31	“	O2 - Onslow (East)	Onslow Village Hall The Square, Wilderness Road, Guildford, GU2 7QR
32	“	O3 - Onslow (West)	Onslow Village Hall The Square, Wilderness Road, Guildford, GU2 7QR
33	“	O4 - Stag Hill	Stag Hill Campus, University of Surrey Guildford, GU2 7XH
34	Pilgrims	P1 - Seale & Sands (West)	The Sands Room The Green, The Sands, GU10 1LL
35	“	P2 - Seale & Sands (East)	Seale Village Hall School Hill, Seale, GU10 1HY

	Borough Ward	Polling District Ref:	Designated Polling Place
36	“	P3 - Puttenham	The Marwick Hall School Lane, Puttenham, GU3 1AS
37	“	P4 - Shackleford	Shackleford Village Hall Shackleford Road, Shackleford, GU8 6AE
38	“	P5 - Wanborough	The Granary Wanborough, Guildford GU3 2JR
39	“	P6 - Tongham	Tongham Community Centre Poyle Road, Tongham, GU10 1DU
40	Send & Lovelace	S&L1 - Ockham	All Saints Church Ockham Road North, Ockham, GU23 6NL
41	“ “	S&L2 - Ripley	Ripley Village Hall High Street, Ripley, GU23 6AF
42	“ “	S&L3 - Wisley	Ripley Village Hall High Street, Ripley, GU23 6AF
43	“ “	S&L4 - Send (East)	Lancaster Hall Send Road, Send, GU23 7ET
44	“ “	S&L5 - Send (West)	Lancaster Hall Send Road, Send, GU23 7ET
45	Shalford	SH1 - Compton	Compton Village Hall The Street, Compton, GU3 1EG
46	“	SH2 - Artington	Compton Village Hall The Street, Compton, GU3 1EG
47	“	SH3 - Shalford (Peasmarsh)	Peasmarsh Church Hall Unstead Wood, Peasmarsh, GU3 1ND
48	“	SH4 - Shalford (Central)	Shalford Village Hall Kings Road, Shalford GU4 8BQ
49	“	SH5 - Shalford (Chilworth)	Chilworth Village Hall New Road, Chilworth, GU4 8LX
50	St Nicolas	ST1 - St Nicolas (South)	Guildford United Reformed Church 83 Portsmouth Road, Guildford, GU2 4BS
51	“ “	ST2 - St Nicolas (North)	Guildford United Reformed Church 83 Portsmouth Road, Guildford, GU2 4BS
52	Stoke	SK1 - Stoke (West)	Salvation Army Hall, Woodbridge Road, Guildford, GU1 4QQ
53	“	SK2 - Stoke (East)	St Joseph's Church Hall Eastgate Gardens, Guildford, GU1 4AZ

	Borough Ward	Polling District Ref:	Designated Polling Place
54	“	SK3 - Stoke (North)	The Stirling Centre, St John's Church Stoke Road, Guildford, GU1 1HB
55	Stoughton North	SN1 - Stoughton North (East)	ACF Premises Railton Road Guildford, GU2 9LX
56	“ “	SN2 - Stoughton North (West)	Stoughton Infant School Stoughton Road, Guildford, GU2 9ZT
57	Stoughton South	SS1 - Stoughton South (North West)	Emmanuel Church/ Parish Centre Shepherds Lane, Guildford, GU2 9SJ
58	“ “	SS2 - Stoughton South (South East)	Emmanuel Church/ Parish Centre Shepherds Lane, Guildford, GU2 9SJ
59	Tillingbourne	T1 - St Martha	Chilworth Village Hall New Road, Chilworth, GU4 8LX
60	“	T2 - Albury	Albury Village Hall The Street, Albury, GU5 9AD
61	“	T3 - Shere	Shere Village Hall Gomshall Lane, Shere, GU5 9HE
62	“	T4 – Peaslake	Peaslake Village Hall Walking Bottom, Peaslake, GU5 9RR
63	“	T5 – Holmbury St Mary	Holmbury St Mary Village Hall Felday Glade, Holmbury St Mary, RH5 6PG
64	Westborough	WE1 - Westborough (West)	St Clare's Church Hall Applegarth Avenue, Guildford, GU2 8LZ
65	“	WE2 - Westborough (Central)	Westborough United Ref. Church 4B Southway, Guildford, GU2 8DA
66	“	WE3 - Manor Park	Manor Park Village and Surrey Research Park 1 Alexander Fleming Road, Guildford, GU2 7YW
67	Worplesdon	WO1 - Broadacres	St Mary's Church Hall 157 Aldershot Road, Guildford, GU2 8BP
68	“	WO2 - Wood Street	St Alban's Church Hall Oak Hill, Wood Street Village, Guildford GU3 3ES
69	“	WO3 - Fairlands	Fairlands Community Centre Fairlands Avenue, Fairlands, Guildford, GU3 3NA
70	“	WO4 - Perry Hill	Worplesdon Memorial Hall Perry Hill,

	Borough Ward	Polling District Ref:	Designated Polling Place
			Worplesdon, Guildford, GU3 3RF
71	"	WO5 - Jacobs Well	1st Jacobs Well Scout & Guide Group HQ Jacobs Well Road, Guildford, GU4 7PD

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Review of Polling Districts and Polling Places 2023
Representations received during the Consultation and the Returning Officer's Response

	Respondent	Borough Ward	Representation made	Returning Officer's Response to Representation
1.	Cllr Vanessa King	Stoke	No issues with current polling places. Current locations work well.	Noted
2.	Cllr Catherine Young	Clandon & Horsley	"No significant comments, except with regard to the use of the Wheelhouse in West Horsley rather than Raleigh School. The Wheelhouse, I thought, was fine as a venue, but I wondered if there was less turnout there (if that was measured) as opposed to the school, which of course would be really convenient for those using the school."	We are trying, where possible, not to use schools as polling stations if there are suitable alternative premises in the polling district/ward. The Wheelhouse was used, for the first time as a polling station, at this year's Borough Council elections and it proved to be a suitable with no complaints from the public or polling station staff.
3.	Guildford & Waverley Green Party	None specific	No comments	Noted
4.	Guildford Labour Party	Onslow	"Overall, we think the provision of polling stations is good, especially in the rather dispersed rural wards. We agree too that we should avoid disrupting primary schools if at all possible. Apart from location, we find staff always helpful and the stations themselves well signposted." "Onslow lacks a convenient polling station in the lower part of the ward, where most people live. There is a church on Guildford Park Road by the station which might work. It would also	Noted We previously used the Grace Church on Guildford Park Road. The reason we changed was that once the new housing is built behind the church there will be no parking for staff. As you can imagine the

	Respondent	Borough Ward	Representation made	Returning Officer's Response to Representation
			<p>capture shoppers and commuters on their way downhill. It has the advantage of not being a primary school".</p>	<p>amount of paperwork, ballot papers, etc that the Presiding Officer must take to the polling station at 6:15 am and then transport from the polling station to the count at 10.15pm is significant. We do need to provide parking for the Presiding Officer at least; unfortunately, in that area there is no parking either at the church, or on-street, which is controlled by Surrey County Council who will not issue a day pass or guarantee parking for our staff. The nearest car park would be the Farnham Road multi storey and this is too far from the church for the staff to be able to securely transport ballot papers and other paperwork and equipment.</p> <p>We changed the polling station last year during the polling district and places review after the Borough Boundary changes, at the time we did discuss this with Councillor Angela Goodwin, and although she would have preferred to keep using the church, she understood that once the building work starts in the car park, we would be unable to continue to use the church. It was felt by the RO at the time that we should move the polling station before the building works start in the hope the electorate would become used to the new polling station. We only received one complaint on polling day in May, about this change of</p>

	Respondent	Borough Ward	Representation made	Returning Officer's Response to Representation
		Merrow	"The very large Bushy Hill estate is disadvantaged by the long walk to the polling station(s), though it is the densest housing in the ward. The Bushy Hill Community Club is a possible venue."	venue. If another venue becomes available in the area, we would of course be willing to consider this in the future. The Electoral Services Manager has been unable to contact the Community Club but will continue to try. If they are willing for us to use the venue, then the Electoral Services Manager will inspect the premises to see if they are suitable.
		Stoughton North	"The location of the Stoughton Methodist Church is very visible and would make a good polling station".	Noted
		Worplesdon	"We've had an email exchange about the new housing Keens Lane. This particular estate is growing quickly and has added to the pre-existing community on the other side of the lane clustered around Keens Park Road. Residents have a 2.2 km trek by car to Fairlands. We think that area needs its own polling station which might also serve North Stoughton. A possible venue is the Youth Centre just over Worplesdon Rd in Weydown Lane".	The Electoral Services Manager has been unable to locate the Youth Centre and the Labour Party have been unable to give any further information on the venue. The Electoral Services Manager will continue to try to find this venue and review its suitability. The Keens Lane development currently crosses parish ward boundaries so once it is completed this may need a Community Governance Review to change the parish ward boundary, which may even up the electorate across the two parish wards.
5.	Effingham Parish Council	Effingham	<u>Use of Barnes Wallis Hall at KGV as a polling place</u> "Current location is the best location for a polling place in the parish".	Noted

	Respondent	Borough Ward	Representation made	Returning Officer's Response to Representation
6.	Pirbright Parish Council	Normandy & Pirbright	<p><u>Use of Lord Pirbright's Hall as a polling place</u></p> <p>"The Hall is a super location as a polling station. It offers a very large open airy space with several ancillary rooms which can be used by staff for their own purposes or for electoral purposes. It has disabled access, accessible toilets, and ample car parking"</p>	Noted
7.	Tongham Parish Council	Pilgrims	<p><u>Use of Tongham Community Centre as a polling place</u></p> <p>"The Centre is easily accessible and central to the village, with adequate parking."</p>	Noted
8.	Wanborough Parish Council	Pilgrims	<p><u>Use of The Granary as a polling place</u></p> <p>"The Granary is situated at the centre of the village. It provides ample stress free, free parking with full disabled access, and there has been no adverse feedback".</p>	Noted
9.	West Clandon Parish Council	Clandon & Horsley	<p><u>Use of The Village Hall, West Clandon as a polling place</u></p> <p>"The existing site was a good one and should remain as (i) it is located in the centre of the parish, and (ii) has ample</p>	Noted

	Respondent	Borough Ward	Representation made	Returning Officer's Response to Representation
			parking and near rail, and bus services, and (iii) is accessible.”	
10.	West Horsley Parish Council	Clandon & Horsley	<p><u>Use of West Horsley Village Hall as a polling place</u> “Very easy access, good location, parking, ideal location.”</p> <p><u>Use of Raleigh School as a polling place</u> “Very easy walking access for a lot of households. Good parking if needed.”</p> <p><u>Use of East Horsley Village Hall as a polling place</u> “Not in West Horsley. Good alternative if the Raleigh is not available, but for most residents will require a car journey.”</p>	<p>Noted</p> <p>Noted. See comments above in response to Cllr Young’s representation.</p> <p>Noted. East Horsley Village Hall was used, on a one-off basis, as a polling station for the recent SCC Horsleys by-election because the Wheelhouse was not available, and we did not wish to use the Raleigh School.</p>
11.	Acting Returning Officer, Surrey Heath		Happy to support the proposal not to make any changes to the area of the borough that now fall within Surrey Heath Parliamentary Constituency.	Noted
12.	<p><u>Lettings Managers of Polling Places:</u></p> <p>Ash Manor School</p>	Ash South	“School refurbishment work to take place between 15 July and 1 September 2024.”	Noted

	Respondent	Borough Ward	Representation made	Returning Officer's Response to Representation
13.	Holly Lodge Primary School	Ash Vale	"As a school, polling days disrupt the education of pupils who have missed significant education following COVID."	No suitable alternative venue in the polling district. We only close the school for UK Parliamentary elections, when we have to use the main hall.
14.	St Mary's Church Community Centre	Ash Vale	No comments	
15.	The Benson Room, Japonica Court	Ash Wharf	No comments	
16.	Victoria Hall	Ash Wharf	No comments	
17.	New Hope Church	Bellfields & Slyfield	No comments	
18.	Bellfields Youth Centre	Bellfields & Slyfield	No comments	
19.	Sutherland Memorial Hall	Burpham	No comments	
20.	Guildford Adult Education Area Centre	Castle	No comments	
21.	The Spike	Castle	No comments	
22.	Christ Church Centre	Castle	No comments	
23.	East Clandon Village Hall	Clandon & Horsley	No comments	
24.	St Martin's Church Hall	Clandon & Horsley	No comments	

	Respondent	Borough Ward	Representation made	Returning Officer's Response to Representation
25.	East Horsley Village Hall	Clandon & Horsley	No comments	
26.	St Martin's Community Hall	Clandon & Horsley	No comments	
27.	West Horsley Village Hall	Clandon & Horsley	No comments	
28.	King George V Hall	Effingham	"Works will be carried out to the "Village Rooms" area over Christmas but will be completed by January 2024."	Noted
29.	Merrow CoE Infant School	Merrow	No comments	
30.	Merrow Village Club & Hall	Merrow	"Wifi connection expected in 2024."	Noted
31.	Boxgrove Primary School	Merrow	No comments	
32.	St Mark's Hall	Normandy & Pirbright	No comments	
33.	Library & Learning Centre, Stag Hill Campus	Onslow	No comments	
34.	The Sands Room	Pilgrims	No comments	
35.	Seale Village Hall	Pilgrims	No comments	
36.	Marwick Hall	Pilgrims	"No refurbishment works are planned and there are no access issues."	Noted
37.	Shackleford Village Hall	Pilgrims	No comments	

	Respondent	Borough Ward	Representation made	Returning Officer's Response to Representation
38.	The Granary	Pilgrims	No comments	
39.	Tongham Community Centre	Pilgrims	"No major refurbishments scheduled."	Noted
40.	All Saints Church	Send & Lovelace	"No refurbishments planned. No access issues. Flat tarmac pathway, no steps and a disabled toilet".	Noted
41.	Lancaster Hall	Send & Lovelace	"Hall is closed from 5 to 7 April 2024"	Noted
42.	Compton Village Hall	Shalford	No comments	
43.	Peasmarsh Church Hall	Shalford	No comments	
44.	Shalford Village Hall	Shalford	No comments	
45.	Chilworth Village Hall	Shalford/ Tillingbourne	No comments	
46.	St Joseph's Church Hall	Stoke	No comments	
47.	Army Cadet Centre	Stoughton North	No comments	
48.	Stoughton Infant School	Stoughton North	"If the school is to be used, the polling station would be in our nursery classroom. Access to the main school will be limited. Steps to nursery classroom may be an issue for wheelchair users."	We are trying, where possible, not to use schools as polling stations if there are suitable alternative premises in the polling district/ward. We are therefore recommending that the designated polling place is changed to Stoughton Methodist Church, Stoughton Road.

	Respondent	Borough Ward	Representation made	Returning Officer's Response to Representation
49.	Emmanuel Parish Centre	Stoughton South	No comments	
50.	Shere Village Hall	Tillingbourne	No comments	
51.	Holmbury St Mary Village Hall	Tillingbourne	No comments	
52.	Westborough United Reformed Church	Westborough	"Kitchen refurbishment is in early planning stages, but unlikely to be before July 2024".	Noted
53.	Manor Park Village and Surrey Research Park	Westborough	No comments	
54.	St Mary's Church Hall	Worplesdon	No comments	
55.	St Alban's Church Hall	Worplesdon	No comments	
56.	Fairlands Community Centre	Worplesdon	No comments	
57.	Worplesdon Memorial Hall	Worplesdon	"One very low front step into hall – has been the same for many years. You provide a ramp, there is regular equipment brought to hall by yourselves."	Noted
58.	1 st Jacobs Well Scout & Guide Group HQ	Worplesdon	"Ramp required to clear door threshold as per previous bookings."	Noted

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Guildford Borough Council

Report to: Council

Date: 5 December 2023

Ward(s) affected: All

Report of Director for Transformation & Governance

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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.
- 1.3 At its meeting held on 23 November, the Executive considered this report and supported the recommendation set out below.

2. Recommendation to Council

2.1 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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Executive

* Councillor Julia McShane (Chairperson)

* Councillor Tom Hunt (Vice-Chair)

* Councillor Angela Goodwin

* Councillor Carla Morson

* Councillor Catherine Houston

* Councillor George Potter

* Councillor Richard Lucas

* 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 Licencing 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

Chairman

Date