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Contact Officer:

John Armstrong, Democratic Services Manager
Tel: 01483 444102

Dear Councillor

4 January 2017

Your attendance is requested at a meeting of the **CORPORATE GOVERNANCE AND STANDARDS COMMITTEE** to be held in the Council Chamber, Millmead House, Millmead, Guildford, Surrey GU2 4BB, on **THURSDAY, 12 JANUARY 2017 at 7.00 pm.**

Yours faithfully

Sue Sturgeon
Managing Director

MEMBERS OF THE COMMITTEE

Chairman: The Deputy Mayor, Councillor Nigel Manning
Vice-Chairman: Councillor Jo Randall

Councillor Philip Brooker	Mrs Maria Angel
Councillor Alexandra Chesterfield	Mr Charles Hope
Councillor Colin Cross	Ms Geraldine Reffo
Councillor Geoff Davis	Mr Ian Symes (Parish Member)
Councillor Mike Hurdle	

Authorised Substitute Members:

Councillor Richard Billington (Substitute)	Councillor Nikki Nelson-Smith (Substitute)
Councillor David Goodwin (Substitute)	Councillor Susan Parker (Substitute)
Councillor Liz Hogger (Substitute)	Councillor David Reeve (Substitute)
Councillor Nigel Kears (Substitute)	Councillor Caroline Reeves (Substitute)

OFFICER REPRESENTATION:

Sue Sturgeon (Manager Director: Head of Paid Service and S151 Officer),
Sandra Herbert (Legal Services Manager and Monitoring Officer),
Joan Poole (Head of Internal Audit and Deputy Monitoring Officer),
Claire Morris (Head of Financial Services and Deputy S151 Officer)

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QUORUM 3



THE COUNCIL'S STRATEGIC FRAMEWORK

Vision – for the borough

For Guildford to be a town and rural borough that is the most desirable place to live, work and visit in South East England. A centre for education, healthcare, innovative cutting-edge businesses, high quality retail and wellbeing. A county town set in a vibrant rural environment, which balances the needs of urban and rural communities alike. Known for our outstanding urban planning and design, and with infrastructure that will properly cope with our needs.

Five fundamental themes that support the achievement of our vision:

- **Our Borough** - ensuring that proportional and managed growth for future generations meets our community and economic needs
- **Our Economy** - improving prosperity for all by enabling a dynamic, productive and sustainable economy that provides jobs and homes for local people
- **Our Infrastructure** - working with partners to deliver the massive improvements needed in the next 20 years, including tackling congestion issues
- **Our Environment** - improving sustainability and protecting our countryside, balancing this with the needs of the rural and wider economy
- **Our Society** - believing that every person matters and concentrating on the needs of the less advantaged

Your Council – working to ensure a sustainable financial future to deliver improved and innovative services

Values for our residents

- We will strive to be the best Council.
- We will deliver quality and value for money services.
- We will help the vulnerable members of our community.
- We will be open and accountable.
- We will deliver improvements and enable change across the borough.

Mission – for the Council

A forward looking, efficiently run Council, working in partnership with others and providing first class services that give our society value for money, now and for the future.

AGENDA

ITEM

1 APOLOGIES FOR ABSENCE AND NOTIFICATION OF SUBSTITUTE MEMBERS

2 LOCAL CODE OF CONDUCT - DISCLOSURE OF INTERESTS

In accordance with the revised local Code of Conduct, a councillor is required to disclose at the meeting any disclosable pecuniary interest (DPI) that they may have in respect of any matter for consideration on this agenda. Any councillor with a DPI must not participate in any discussion or vote regarding that matter and they must also withdraw from the meeting immediately before consideration of the matter.

If that DPI has not been registered, you must notify the Monitoring Officer of the details of the DPI within 28 days of the date of the meeting.

3 MINUTES (Pages 1 - 6)

To confirm the minutes of the meeting of the Corporate Governance and Standards Committee held on 24 November 2016.

4 TREASURY MANAGEMENT ANNUAL STRATEGY REPORT 2017-18 AND PRUDENTIAL INDICATORS 2017-18 TO 2021-22 (Pages 7 - 54)

5 FINANCIAL MONITORING 2016-17 PERIOD 8 (APRIL TO NOVEMBER 2016) (Pages 55 - 122)

6 FREEDOM OF INFORMATION COMPLIANCE UPDATE (Pages 123 - 132)

7 ANNUAL REPORT OF THE MONITORING OFFICER REGARDING STANDARDS ALLEGATIONS (Pages 133 - 140)

8 WORK PROGRAMME (Pages 141 - 150)

Please contact us to request this document in an alternative format

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CORPORATE GOVERNANCE AND STANDARDS COMMITTEE

24 November 2016

- * Councillor Nigel Manning (Chairman)
- * Councillor Jo Randall (Vice-Chairman)

- | | |
|-------------------------------------|--------------------|
| * Councillor Philip Brooker | * Mrs Maria Angel |
| * Councillor Alexandra Chesterfield | * Mr Charles Hope |
| * Councillor Colin Cross | Ms Geraldine Reffo |
| Councillor Geoff Davis | Mr Ian Symes |
| * Councillor Mike Hurdle | |

*Present

Councillors Matt Furniss and Michael Illman were also in attendance.

CGS38 APOLOGIES FOR ABSENCE AND NOTIFICATION OF SUBSTITUTE MEMBERS

Apologies for absence were received from Councillor Geoff Davis and Ms Geraldine Reffo and Mr Ian Symes.

CGS39 LOCAL CODE OF CONDUCT - DISCLOSURE OF INTERESTS

There were no disclosures of interest.

CGS40 MINUTES

The Committee confirmed the minutes of the meeting held on 22 September 2016. The Chairman signed the minutes.

CGS41 ANNUAL AUDIT LETTER 2015-16

The Committee considered the Annual Audit Letter for 2015-16 issued by the external auditors, Grant Thornton.

The external audit for 2015-16 had been completed and the independent auditor had now issued their Annual Audit Letter, a copy of which was appended to the report submitted to the Committee. The Annual Audit Letter included updated findings to recommendations that had been raised in the Audit Findings Report presented to the Committee at its meeting on 22 September 2016.

The Committee

RESOLVED: That the Annual Audit Letter for 2015-16 be recommended to the Executive for approval.

Reason for Decision:

To approve the Annual Audit Letter

CGS42 FUTURE OF EXTERNAL AUDIT

The Committee considered an update report on arrangements for local authorities to appoint their own external audit provision following the closure of the Audit Commission on 31 March

Agenda item number: 3

2015. Since then, external audit had been provided through a series of framework contracts for the audit of local bodies, which would run until 2018.

Responsibility for managing the audit contracts for local government bodies, along with the Audit Commission's statutory functions for audit (e.g. setting the standards of performance, appointing auditors, setting and determining fees) and value for money work had transferred to an independent private company created by the Local Government Association.

Once the current audit contracts expired in 2018, local bodies would be able to appoint their own external and independent auditor and would need to do so by 31 December 2017. The length of appointment, which was yet to be finally determined, was expected to be between three and five years. Local bodies had to establish, consult and take into account the advice of an independent auditor panel on the selection and appointment of a local auditor.

Having considered three options in that regard, the Committee

RESOLVED: That full Council be requested to approve Option 3, as described in the report submitted to the Committee, which is to opt-in to the appointing person arrangements made by Public Sector Audit Appointments for the appointment of external auditors from 2018-19.

Reason for Decision:

To enable the Council to comply with statutory obligations under Section 7 of the Local Audit and Accountability Act 2014.

CGS43 SUMMARY OF INTERNAL AUDIT REPORTS: APRIL - SEPTEMBER 2016

The Committee considered the summary of Internal Audit Reports and other associated work for the period April – September 2016, together with progress against the audit plan.

Questions from the Committee raised the following points and information:

- In relation to the outcome of last year's audit review of premises licensing no formal disciplinary action had been taken as the problems had been due principally to a breakdown in process in respect of a number of issues based around staff resources. New processes had been introduced which would continue to be monitored.
- The Chief Internal Auditor updated the Committee in respect of arrangements for resourcing the audit team, and the proposed new Data Protection Officer within the ICT team.

Having considered the various reports, the Committee,

RESOLVED: That the contents of the report to the Committee be noted.

Reason for Decision:

To ensure an adequate level of audit coverage.

CGS44 FINANCIAL MONITORING 2016-17

The Committee considered a report that set out the financial monitoring position for period 6 (April to September 2016).

The report summarised the projected outturn position for the Council's general fund revenue account, based on actual and accrued data for this period. At the end of September 2016, officers were projecting a reduction in net expenditure on the general fund revenue account of £1,787,198. This was the result of a combination of factors, which include a reduction in employee expenditure across all services, an increase in planning fees, higher than budgeted

income from parking activities and additional rental income arising from the asset investment strategy. The Council had also received higher than budgeted interest receipts from its investments.

A surplus on the Housing Revenue Account, due to lower staffing and repairs and maintenance costs would enable a projected transfer of £11,838,440 to the new build reserve and reserve for future capital at year-end.

Officers were making progress against significant capital projects on the approved programme as outlined in section 7 of the report. The Council was expected to spend £57.58 million on its capital schemes by the end of the financial year.

The Council's underlying need to borrow to finance the capital programme was expected to be £49.09 million by 31 March 2017.

The Council held £129 million of investments and £235 million of external borrowing as at 30 September 2016. Officers confirmed that the Council had complied with its Prudential indicators in the period, which were set in February 2016 as part of the Council's Treasury Management Strategy, with the exception of the upper limit on variable interest rates. This was due to having more variable rate debt than investments due to using more fixed deposits than variable rate investments.

Having considered the report, the Committee

RESOLVED: That the results of the Council's financial monitoring for the period April to September 2016, be noted.

Reason for Decision:

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

CGS45 FREEDOM OF INFORMATION COMPLIANCE UPDATE

The Committee considered an update report on the monitoring of the Council's performance in dealing with Freedom of Information (FOI) and Environmental Information Regulations (EIR) requests.

As at 8 November 2016, the Council's performance rate for delivery of FOIs stood at 84%, the same figure for November 2015. There was scope for improvement in order to meet the Key Performance Indicator (KPI) of 90%. However, in mitigation, the position of Information Rights Officer had been vacant for three months and the recording of FOIs had recently transferred to a new electronic system, so both factors might have had a disruptive effect on performance figures. In addition, requests which required a Public Interest Test to be taken into consideration could be extended beyond the statutory 20 working day timescale, another factor which would have distorted the figures.

Questions from the Committee raised the following points and information:

- There was no information to hand on how Guildford's performance compared against other, similar, councils. This would be investigated by the Information Rights Officer.
- Officers would investigate the possible introduction of a standard template for submitting FOI requests and also the possibility of publishing responses online.

The Committee,

RESOLVED: That the actions taken by officers be noted and that and further updates be received by the Committee to ensure that the Council meets its objective of 90% compliance.

Reason for Decision:

To ensure the Council meets its objective of 90% compliance.

CGS46 ARRANGEMENTS FOR INVESTIGATING ALLEGATIONS OF BREACHES OF THE COUNCILLORS' CODE OF CONDUCT

The Committee noted that the Localism Act 2011 made fundamental changes to the system of regulation of standards of conduct for elected and co-opted councillors. The new provisions came into force on 1 July 2012. The Council adopted a new Code of Conduct and put in place Arrangements for dealing with Code of Conduct complaints regarding councillors.

After three years of operation, the Council decided to review its processes in light of local experiences of handling cases in practice. In carrying out the review, the Council commissioned Hoey Ainscough Associates Ltd. to carry out an independent review of the Council's Arrangements.

At its meeting on 26 November 2015, the Committee considered the outcome of Hoey review and established a working group to examine the detail of the recommendations. The Committee considered the working group's final recommendations on the review at its meeting on 31 March 2016 and submitted its recommendations to Council on 12 April 2016. The Council agreed that the Committee (acting through the working Group) would carry out, finalise, and implement the remaining work, namely:

- (a) The redrafting of the Council's Arrangements for dealing with allegations of misconduct by councillors and co-opted members;
- (b) Consideration as to whether such re-drafting might usefully include a separate version of the Arrangements containing only those elements relevant to allegations of misconduct by parish councillors;
- (c) Guidelines and policy for communications; together with guides for the complainant and councillor against whom a complaint is made;
- (d) A protocol with the Police where a complainant alleges criminal behaviour;
- (e) Revision of the Protocol for Independent Persons adopted by Full Council on 7 October 2015 and an associated briefing document;
- (f) Assistance as regards any statements relating to standards and the private capacity of councillors;

The report addressed each of the above outstanding matters and, having considered these, the Committee

RESOLVED:

- (1) That the redrafted Arrangements, as set out in Appendix 1 to the report submitted to the Committee, together with accompanying documents drafted as appendices to the Arrangements (Appendices 2, 3, and 4 to the report), be approved and implemented with immediate effect.
- (2) That Briefing Note for Members on private capacity, as set out in Appendix 6 to the report, be promoted.
- (3) That the Police Protocol be approved in line with the model attached as Appendix 5 to the report, as the basis for formal discussions with the Police,
- (4) That the Monitoring Officer be authorised, in consultation with the Chairman of the Committee, to agree any necessary revisions to any of the documents referred to in paragraphs (1) to (3) above.

Reasons for Decision:

- To comply with the request for a review; and
- To ensure that the Council’s Arrangements remain fit for purpose and in accordance with best practice.

CGS47 PROPOSED AMENDMENTS TO THE CONSTITUTION

This Committee’s terms of reference included, under corporate governance activity, the monitoring and review of the operation of the Council’s Constitution. In 2014-15, the Council undertook a fundamental review of the Constitution, in order to bring the document up to date and fit for purpose.

The Committee now considered a comprehensive report on proposed further amendments to the Constitution, mainly to Council Procedure Rules, Public Speaking Procedure Rules, Financial Procedure Rules and Procurement Procedure Rules.

The Committee

RESOLVED: That the Council be requested to adopt the proposed amendments to the Constitution, as described in paragraphs 3.2, 4.2, 4.4, 4.6, 4.9, 4.10, 4.12, 4.17, 5.2, 5.4, 5.5, 5.8, 6.2, 6.3, 6.4, 6.6, 6.7, 7.2, 7.3 and 7.4 and shown with tracked changes in Appendices 1, 2, 3 and 4 of the report submitted to the Committee.

Reason for decision:

To clarify inconsistencies and anomalies in council procedures.

CGS48 WORK PROGRAMME

The Committee considered its work programme for the remainder of the 2016-17 municipal year.

The Committee,

RESOLVED: That the updated work programme for 2016-17, be approved.

Reason for decision:

To allow the Committee to maintain and update its work programme for the 2016-17 municipal year.

The meeting finished at 7.55 pm

Signed

Chairman

Date

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Corporate Governance and Standards Committee Report

Ward(s) affected: All wards

Report of the Chief Finance Officer

Author: Vicky Worsfold

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Email: victoria.worsfold@guildford.gov.uk

Lead Councillor responsible: Michael Illman

Tel: 07742 731535

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Date: 12 January 2017

Treasury management annual strategy report 2017-18 and treasury prudential indicators 2017-18 to 2021-22

Executive Summary

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

It is defined as "the management of the Council's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks".

The Chartered Institute of Public Finance and Accountancy's (CIPFA) code of practice on treasury management and the CIPFA Prudential Code require local authorities to determine a Treasury Management Strategy Statement (TMSS) and set prudential indicators on an annual basis. The Department for Communities and Local Government (CLG) also require an investment strategy to be included in the TMSS. We also have a duty under the Local Government Act 2003 to have regard to both the CIPFA Code and the CLG Guidance.

This report covers those key reporting requirements. There is a glossary of terms at **Appendix 3**.

Our cash balances have built up over a number of years and reflect our strong balance sheet. Officers carry out the treasury management function within the parameters set by the Council each year in the TMSS – included at **Appendix 1**.

The Council considers security, liquidity and yield when making investment decisions. The most important part of making investments is the security of capital – ensuring we get our money back. Next, we consider liquidity – getting our money back when we

need it. Once we are comfortable with both security and liquidity of the investment, we review the return on the investment.

We have defined our minimum credit rating for a high quality investment for specified investments as A- for a counterparty. These credit ratings are explained in **Appendix 5**.

The Council is in a good financial position, and has a strong asset base. We have an ambitious corporate plan and medium to long-term aspirations within the Borough, which is reflected in the capital programme, but we also have a good level of reserves. We will always maintain a certain level of reserves in order to ensure the Council provides services to its residents.

The Council has an underlying need to borrow for capital expenditure. This means, we do not have enough capital reserves or capital receipts to fund planned expenditure, which creates an underlying need to borrow. The current capital programme's underlying need to borrow is £266 million for 2016-17 to 2021-22, excluding the new bids put forward as part of the General Fund capital programme report, to be presented to the Society, Environment, and Council Development Executive Advisory Board on 5 January. The net cost of the capital bids for the same period is £125 million, taking the revised underlying need to borrow to £392 million.

There are no key changes from the 2016-17 approved strategy to report.

Recommendation to the Committee

That the Committee:

- (1) considers the treasury management strategy for 2017-18, contained within Appendix 1 of the report, specifically:
 - (a) the investment strategy contained within Appendix 1, section 4
 - (b) the treasury prudential indicators and limits for 2017-18 to 2021-22 contained within Appendix 1, of the report.
- (2) submits any comments to the Executive at its meeting on 24 January 2017 so that these can be taken into account when making the recommendation to Council at its budget meeting on 8 February 2017.

Reason for Recommendation:

To assist the Executive in formulating its recommendations to Council to approve the treasury management strategy statement, the annual investment strategy and the treasury and prudential indicators for 2017-18 to 2021-22.

1. Purpose of Report

- 1.1 This report covers the operation of the treasury management function for 2017-18 and incorporates the following key reporting requirements:

- the treasury management strategy for 2017-18 in accordance with the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Treasury Management (attached at **Appendix 1**);
- the investment strategy, in accordance with the Government investment guidance (section 4 within **Appendix 1**);
- the reporting of the treasury and prudential indicators for 2017-18 to 2021-22 in accordance with the requirements of the CIPFA Prudential Code for Capital Finance in Local Authorities, contained within **Appendix 1**.

- 1.2 The Committee is asked to submit any comments to the Executive so these can be taken into account when making recommendations to Council.
- 1.3 The Executive will be asked to recommend to Council adoption of the treasury management strategy for 2017-18, prudential indicators for the period 2017-18 to 2021-22, the borrowing strategy (**Appendix 1, section 3**), and the investment strategy **Appendix 1, section 4**)

2. Strategic Priorities

- 2.1 Treasury management is a key function in enabling the Council to achieve financial excellence and value for money. This report, the strategy and the prudential indicators contained within it are designed to help the Council achieve the best use of its resources therefore underpins the Council's strategic framework and delivery of the Corporate Plan. We have an ambitious Corporate Plan in the period and therefore the capital programme, plus aspirations for the longer term, and effective treasury management supports the financial sustainability of that.

3. Background

Introduction

- 3.1 CIPFA's code of practice for treasury management in the public services (the CIPFA TM Code) and the prudential code, require local authorities to determine a treasury management strategy statement (TMSS) and set prudential indicators on an annual basis. The TMSS also includes the investment strategy as required under the Department for Communities and Local Government (CLG's) Investment Guidance. We also have a duty under the Local Government Act 2003 to have regard to both the CIPFA Code and the CLG Guidance.
- 3.2 A key requirement of this report is to identify and explain the risks associated with the treasury management service and the management of those risks. This strategy sets out the parameters we will work within during the year. We will have operational limits in the year according to what is occurring in the economy. This therefore allows us flexibility to work within a changing economic environment during the year.
- 3.3 This report covers the operation of the treasury management function for 2017-18 and incorporates the following key reporting requirements

- the treasury management strategy for 2017-18, in accordance with the CIPFA TM Code (attached at **Appendix 1**)
- the investment strategy (**section 4** within **Appendix 1**)
- the reporting of the treasury and prudential indicators for 2017-18 to 2021-22

3.4 Due to the specialised nature of treasury management, there is a glossary of terms at **Appendix 3**.

Main considerations

3.5 The CIPFA definition of treasury management is

“the management of the Council’s investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks”

3.6 Overall responsibility for treasury management remains with the Council. Treasury management activity involves risk. The effective identification and management of risks are integral to the Council’s treasury management objectives as is ensuring that borrowing activity is prudent, affordable and sustainable.

3.7 The strategy takes into account the impact of the Council’s revenue budget and capital programme on the balance sheet position, the current and projected treasury position, the investment strategy and treasury and prudential indicators (**Appendix 1**) and the outlook for interest rates (**Appendix 5**).

3.8 There are no key changes to the strategy from last year.

Credit rating

3.9 The Council’s credit rating with Moody’s credit rating agency is Aa1 (see **Appendix 4** for credit rating definitions). Having a rating gives us the flexibility and greater access to a range of funding such as capital markets, which will enable us to borrow for capital projects more cheaply.

3.10 The credit rating also acts as an independent financial review of the Council. It is a good way of assessing how the Council is performing and the strength of our balance sheet.

3.11 Moody’s undertake an official annual review of credit ratings. Ours is due for renewal in April 2017. We are anticipating renewing our rating in 2017.

4 Consultations

4.1 The Lead Councillor for Finance is supportive of the report.

5 Equality and Diversity Implications

- 5.1 There are no equality and diversity implications

6. Financial Implications

- 6.1 Interest earnings are an important source of revenue for the Council and the interest cost of our external debt is currently a big part of the Housing Revenue Account (HRA) budget, and projected to be a significant cost to the General Fund (GF) in future years.
- 6.2 It is important we manage our treasury management activity to maximise our investment income and reduce our debt interest, whilst maintaining our exposure to risk and maintaining appropriate liquidity to meet our needs.
- 6.3 The financial implications of the treasury management strategy and treasury and prudential indicators are detailed in the appendices to the report
- 6.4 The budget for investment income in 2017-18 is £1.36 million, based on an average investment portfolio of £84 million, at an average rate of 1.58%. The budget for debt interest paid is £6.11 million, of which £5.14 million relates to the HRA. If actual levels of investments and borrowing, and actual interest rates differ from those forecast, performance against budget will be correspondingly different.

7. Legal Implications

- 7.1 A variety of professional codes, statues 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. The HRA debt cap is the only restriction that applied in 2015-16
 - Statutory Instrument (SI) 3146 2003 ("the SI"), as amended, develops the controls and powers within The Act
 - the SI requires the Council to undertake any borrowing activity 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 overall 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
- 7.2 The Council has a statutory requirement under the Local Government Act 2003 to adopt the CIPFA Prudential Code and produce prudential indicators. A

requirement of the prudential code is the adoption of the CIFPA code of practice on treasury management (by Council on 13 June 2002) and the treasury management policy statement (by Council on 9 February 2012) (shown in **Appendix 2**).

7.3 All treasury activity will comply with relevant statute, guidance and accounting standards.

8. Human Resource Implications

8.1 There are no human resource implications arising from this report.

9. Summary of Options

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

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

10. Conclusion

- 10.1 The information included in this report, and the appendices, shows the Council has adopted the principles of best practice and complied with relevant statute, guidance and accounting standards and as such the strategy and prudential indicators should be approved.

11. Background Papers

None

12. Appendices

- Appendix 1: Treasury management strategy statement, annual investment strategy, and treasury management prudential indicators 2017-18 to 2021-22
- Appendix 2: Treasury management policy
- Appendix 3: Glossary
- Appendix 4: Credit rating definitions
- Appendix 5: Arlingclose economic and interest rate forecast

Treasury management strategy statement, annual investment strategy and prudential indicators 2017-18 to 2021-22

1. Introduction

- 1.1 The treasury management service is an important part of the overall management of the Council's finances. Councils may borrow or invest for any purpose relevant to its functions, under any enactment, or for the purpose of the prudent management of its financial affairs.
- 1.2 Statutory requirements and the CIPFA code of practice for treasury management in the public services (the CIPFA TM Code) regulate the Council's treasury activities.
- 1.3 We adopted the CIPFA TM Code on 13 June 2002. The TM Code requires the Council to approve a treasury management strategy before the start of each financial year. We also approved the revised treasury management policy statement on 9 February 2012 (shown in **Appendix 2**). This adoption meets the requirement of one of the prudential indicators.
- 1.4 In addition, the Department for Communities and Local Government (CLG) issued revised 'Guidance on Local Authority Investments' in March 2010 that requires the Council to approve an investment strategy before the start of each financial year. In accordance with this guidance, Council will be asked to approved a revised TMSS should the assumptions on which this report is based change significantly. Such circumstances could include, for example, a large unexpected change in interest rates, the capital programme or the level of our investment balances.
- 1.5 The strategy should set out the Council's policies for the prudent management of its investments and for giving priority, firstly, to the security of those investments and secondly to their liquidity. It should identify the procedures for monitoring, assessing and mitigating the risk of loss of invested sums and for ensuring that such sums are readily accessible for expenditure whenever needed.
- 1.6 It also requires that full Council approves the strategy.
- 1.7 This report fulfils the legal obligation under the Local Government Act 2003 to have regard to both the CIPFA Code and the CLG Guidance.

- 1.8 As part of the above regulations, we are required to set Prudential Indicators for assessing the prudence, affordability and sustainability of capital expenditure and treasury management decisions. Prudential Indicators are split into treasury and non-treasury indicators (detailed throughout the report). Treasury indicators are not targets to be aimed at but are limits that the Council consider prudent. They are not intended to create fixed absolute limits for our investment and borrowing activities and should be reviewed and revised as appropriate.
- 1.9 This strategy covers:
- the balance sheet and treasury position
 - the borrowing strategy
 - the investment strategy
 - other items

Economic background – Summary from Arlingclose (detail in appendix 5)

- 1.10 The Council has borrowed and invested large sums of money and is therefore exposed to financial risks, including the loss of invested funds (credit risk) and the revenue effect of changing interest rates (market risk). Both credit and market risk are affected by external events. The Council's TMSS is set in the context of the probabilities of certain events occurring, such as the likelihood of central banks raising interest rates, or of commercial banks failing.
- 1.11 Interest rates in 2016-17 will directly impact on the Council's revenue budget through interest payable on variable rate loans and new loans borrowed and the interest received on investments. The rates the Council pays on borrowing are closely linked to gilt yields, while the rate earned on investments is linked to base rate.
- 1.12 The following section outlines some of the external context to the treasury management strategy.
- 1.13 The major external influence in the Council's TMSS for 2017-18 will be the UK's progress in negotiating a smooth exit from the European Union. Negotiations are expected to start once the UK formally triggers exit in early 2017 and last for at least two years. There will, therefore, remain uncertainty over future economic prospects throughout 2017-18.
- 1.14 Inflation expectations are higher because of the fall and continuing weakness in sterling and the near doubling in the price of oil in 2016. The Bank of England (BoE) is forecasting that CPI will breach its 2% target in 2017, and is expected to look through inflation overshoots over the course of the year when setting interest rates so as to avoid derailing the economy.

- 1.15 The prospect of leaving the single market has dented business confidence and resulted in a delay in new business investment and, unless counteracted by higher public spending or retail sales, will weaken economic growth in 2017-18.

Credit outlook

- 1.16 Markets have expressed concern over the financial viability of a number of European banks. Sluggish economies and continuing fines for pre-crisis behaviour have weighed on bank profits, and any future slowdown will exacerbate concerns in this regard.
- 1.17 Bail-in legislation, which ensures that large investors including local authorities will rescue failing banks instead of taxpayers in the future, has now been fully implemented in the EU, Switzerland and USA, while Australia and Canada are progressing their own plans. The credit risk associated with making unsecured bank deposits has therefore increased relative to the risk of other investment opportunities available to the Council; returns from cash deposits however, continue to fall.
- 1.18 What this means is that if a bank is heading towards failing, legislation will force shareholders to take a haircut on the money invested in the bank (i.e. the value of the investment will be reduced by a calculated percentage) to ensure there is enough capital and liquidity in the bank for it to continue operating. There is an order set by legislation of which type of investor will be bailed in and in which order.

Interest rate forecast

- 1.19 Arlingclose, our treasury management advisors, project a central case for the UK bank rate to remain at 0.25% during 2017-18. The BoE has, however, highlighted that excessive levels of inflation will not be tolerated for sustained periods. Given this view and the current inflation outlook, further falls in the bank rate look less likely.
- 1.20 Gilt yields have risen sharply, but remains at low levels. The Arlingclose central case is for yields to decline when the government triggers Article 50.
- 1.21 A more detailed economic and interest rate forecast provided by Arlingclose is attached at **Appendix 5**.

2. Balance sheet and treasury position

Treasury position

- 2.1 The following table shows the Councils current treasury position, which is the starting point for the strategy, which is forward looking.

	March 16 Actual £'000	Nov 16 position £'000
Investments		
<u>Managed in-house</u>		
Call Accounts	3,053	3,846
Notice Accounts - UK	22,000	13,000
Money Market Funds	9,740	7,093
Temporary Fixed Deposits	47,000	26,000
Long term Fixed Deposits	9,500	16,500
Certificates of Deposit	9,000	2,000
Unsecured bonds	6,016	12,475
Covered Bonds	16,936	25,736
Revolving credit facility	0	2,500
Total investments managed in-house	123,245	109,150
<u>Pooled Funds</u>		
Total pooled funds investments	21,538	22,151
Total Investments	144,782	131,301
Borrowing		
Temporary borrowing	34,500	27,800
Long-term borrowing (PWLb)	193,585	193,470
Long-term borrowing (LAs)	10,000	10,000
Total borrowing	238,085	231,270
Net investments / (borrowing)	(93,303)	(99,969)

- 2.2 The table shows the position at the start of the financial year and the position at the end of November 2016 (the latest position). Investment balances are higher because we have more cash this time of the year, and also because we have more temporary borrowing than at the start of the year. The net borrowing position has increased since March 2016 by £6.66 million in the year because of less cash investments.

Capital expenditure

- 2.3 To understand the movement in our balance sheet over the medium term it is important to understand the anticipated capital expenditure and capital receipts over that time.
- 2.4 Our planned capital expenditure and financing over the period is summarised as follows: (detail can be found in the general fund capital programme report):

CAPITAL EXPENDITURE SUMMARY	2016-17 Approved £000	2016-17 Outturn £000	2017-18 Estimate £000	2018-19 Estimate £000	2019-20 Estimate £000	2020-21 Estimate £000	2021-22 Estimate £000
General Fund Capital Expenditure							
- Main Programme	12,848	43,976	34,893	7,194	70	0	0
- Provisional schemes	78,558	3,400	64,345	84,350	35,310	22,000	15,000
- Schemes funded by reserves	2,484	3,215	1,483	1,053	537	537	0
- S106 Projects	320	697	412	0	0	0	0
- Housing Grants (General Fund)	520	520	520	520	520	520	520
- Affordable Housing (General Fund)	3,107	3,107	220	220	220	220	220
- New Bids (net cost)	0	0	(7,589)	27,558	39,775	59,690	5,750
Total Expenditure	97,837	54,915	94,284	120,895	76,432	82,967	21,490
Financed by :							
Capital Receipts	(330)	(459)	(330)	(4,330)	(9,530)	(9,405)	(15,330)
Capital Grants/Contributions	(1,347)	(3,501)	(3,915)	(1,121)	0	0	0
Capital Reserves/Revenue	(15,654)	(6,265)	(1,383)	(1,463)	(947)	(947)	(410)
Borrowing	(80,506)	(44,690)	(88,656)	#####	(65,955)	(72,615)	(5,750)
Financing - Totals	(97,837)	(54,915)	(94,284)	#####	(76,432)	(82,967)	(21,490)
Housing Revenue Account Capital Expenditure							
- Main Programme	13,769	14,119	1,240	175	0	0	0
- Provisional schemes	9,695	0	14,790	8,985	16,645	5,475	5,475
- New Bids	0	0	2,050	3,500	2,250	500	500
Total expenditure	23,464	14,119	18,080	12,660	18,895	5,975	5,975
Financed by :							
- Capital Receipts	(5,684)	(3,318)	(4,692)	(3,581)	(6,016)	(915)	(915)
- Capital Reserves/Revenue	(17,780)	(10,801)	(13,388)	(9,079)	(12,879)	(5,060)	(5,060)
Financing - Totals	(23,464)	(14,119)	(18,080)	(12,660)	(18,895)	(5,975)	(5,975)

Balance sheet

2.5 The Council has a strong asset backed balance sheet:

Item	Balance at 31-3-16		
	£000	£000	
Long-term Assets	790,120		
Short-term assets	8,196		
		798,316	85%
Long-term investments	25,050		
Short-term investments	119,981		
		145,031	15%
Total assets		943,347	
Current liabilities	(31,396)		
Long-term liabilities	(76,350)		
		(107,746)	31%
Short-term borrowing	(34,991)		
Long-term borrowing	(203,355)		
		(238,346)	69%
Total liabilities		(346,092)	
Net assets		597,255	

- 2.6 The table shows that investments make up only 15% of the Councils assets, and the largest proportion of our liabilities is long-term borrowing which is predominately HRA debt.

Gearing

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

Total debt = £346,092,000

Total assets = £943,347,000

Debt ratio = 36%

- 2.8 This shows that our gearing is low, which is because of our strong asset base.

Capital financing requirement

- 2.9 With the current treasury position and future anticipated capital expenditure plans, known we can prepare a table of the extent of our need to borrow for capital purposes, and what we have borrowed, compared to our level (and projected level) of reserves. We split this between the GF and HRA.
- 2.10 The CFR measures the Council's underlying need to borrow for a capital purpose. This is derived from unfinanced capital expenditure in the capital programme. Unfinanced capital expenditure arises when there are no capital receipts or reserves available to fund the capital programme. This then increases the CFR.
- 2.11 The Council's investments consist of usable reserves and working capital and are the underlying resources available for investment. In the table below, we are also showing a minimum investment balance of £20 million. It represents the minimum level of cash / investments we will maintain to cover the Council's cash movements, at any point in time.
- 2.12 The differential between the CFR and the level of reserves is the Council's overall external borrowing need. Where the external borrowing amount is lower than the CFR it means we have internally borrowed and used non-capital receipts and reserves to initially finance capital expenditure. The reserves currently exclude the items on the capital vision, mainly because the cost of the schemes are unknown.
- 2.13 CIPFA's Prudential Code for Capital Finance in Local Authorities recommends that the Council's total debt should be lower than its forecast CFR over the next

three years – in other words, not over borrowing. The table shows the Council's internal / (over) borrowing position and shows that we are expecting to comply with this recommendation during 2017-18.

Guildford Borough Council							
Balance Sheet Summary and Projections in £000 - last updated 7 Dec 2016							
31st March:	2016	2017	2018	2019	2020	2021	2022
Loans Capital Financing Req.	236,440	280,815	368,243	480,560	543,917	612,473	612,455
Less: External Borrowing	(238,085)	(203,355)	(198,125)	(192,895)	(192,665)	(192,435)	(147,435)
Internal (Over) Borrowing	(1,645)	77,460	170,118	287,665	351,252	420,038	465,020
Less: Usable Reserves	(124,169)	(122,647)	(115,482)	(104,682)	(95,276)	(101,242)	(108,020)
Less: Working Capital Surplus	(19,256)	(19,256)	(19,256)	(19,256)	(19,256)	(19,256)	(19,256)
(Investments) / New Borrowing	(145,070)	(64,443)	35,380	163,727	236,720	299,540	337,744
Net Borrowing Requirement (CFR less reserves and Working Capital)	93,015	138,912	233,505	356,622	429,385	491,975	485,179
Preferred Year-end Position	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Liability Benchmark	113,015	158,912	253,505	376,622	449,385	511,975	505,179

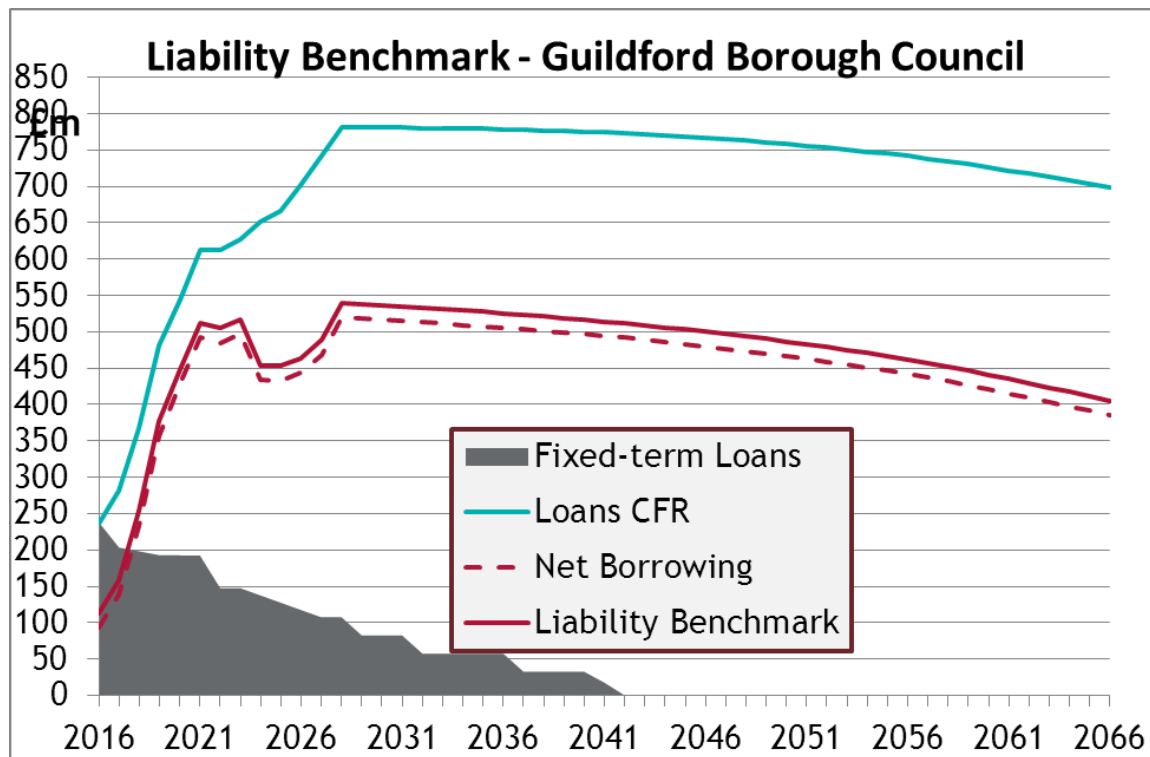
Housing Revenue Account - Summary and Projections in £000							
31st March:	2016	2017	2018	2019	2020	2021	2022
HRA Loans CFR (debt cap)	196,664	197,024	197,024	197,024	197,024	197,024	197,024
HRA Reserves	(61,254)	(63,549)	(57,563)	(46,101)	(37,963)	(45,022)	(52,179)
HRA Working Capital	0	0	0	0	0	0	0
HRA Borrowing (=cash in)	(193,495)	(193,355)	(193,125)	(192,895)	(192,665)	(192,435)	(147,435)
HRA Cash Balance	(58,085)	(59,880)	(53,664)	(41,972)	(33,604)	(40,433)	(2,590)

General Fund - Summary and Projections in £000							
31st March:	2016	2017	2018	2019	2020	2021	2022
GF Loans CFR	39,776	83,791	171,219	283,536	346,893	415,449	415,431
GF Reserves	(62,915)	(59,098)	(57,919)	(58,581)	(57,313)	(56,220)	(55,841)
GF Working Capital	(19,256)	(19,256)	(19,256)	(19,256)	(19,256)	(19,256)	(19,256)
GF Borrowing (=cash in)	(44,590)	(10,000)	(5,000)	0	0	0	0
GF Cash Balance	(86,985)	(4,563)	89,044	205,699	270,324	339,973	340,334

- 2.14 This table shows our gross debt position against our CFR. This is one of the prudential indicators, and is a key indicator of prudence. This indicator aims to ensure that, over the medium term, debt will only be for a capital purpose. We monitor this position and demonstrate prudence by ensuring that medium to long term debt does not exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for the current and next two financial years (2015-16 to 2018-19). The table shows the liability benchmark is expected to be £332 million by March 2022.
- 2.15 The table shows the Council has an increasing CFR due to the underlying need to borrow for the GF capital programme. We are projecting the cash balance of the Council to reduce, whilst maintaining a good level of (core) reserves over the period shown in the table.
- 2.16 HRA reserves are decreasing over the period because of the HRA's plan to build new social houses over the next five-years, whilst the HRA CFR remains the same because we are operating at our debt cap. Our priority continues to be to build homes rather than reduce the level of debt, although moving forward the

table does not include any new borrowing, this is to show the true cash balance of the HRA, and therefore, the requirement to refinance borrowing.

- 2.17 In March 2012, the HRA subsidy system changed, and we took on £194 million of debt to effectively buy ourselves out of the subsidy system. This meant that instead of paying money over to the government every year we took control of the liability and could fund the settlement how we wished. HRA debt is reducing slightly, due to the Equal Instalments of Principal (EIP) loan we hold. The remaining debt is on a maturity repayment profile (principal repayable at the end of the term).
- 2.18 GF reserves are projected to remain stable (our core cash). The CFR is increasing sharply due to the proposed capital programme. We are projecting a need to borrow for the GF in 2017-18, and indeed for the Council as a whole, based on the profile of the capital programme. We have taken out short-term loans in the year to cover cash flow.
- 2.19 Working capital is the net debtors and creditors we have at the end of the financial year. If we owe more money to creditors than we are owed by debtors, the working capital is a negative figure (as in the table above)
- 2.20 We will not automatically borrow externally for the GF when the cash balance is negative, although we will review the position in line with our borrowing strategy.
- 2.21 We can consider a number of options, alongside externalising our internal borrowing, including internally borrowing from the HRA or transferring loans from the HRA (both of which depend on HRA reserve availability, which is directly related to the HRA capital expenditure and annual revenue surplus).
- 2.22 To assist with the long-term treasury management strategy, the Council and its advisors, have created a liability benchmark. This forecasts our need to borrow over the longer term. Following on from the medium term forecasts in the table above, the benchmark assumes:
- an allowance for currently known capital expenditure, until 2021-22, and then an assumed level of additional annual capital expenditure moving forward - £6 million per annum for general capital bids, plus anticipated capital programme and capital vision items where costs and timings can be estimated
 - minimum revenue provision (MRP) has been allowed for based on the underlying need to borrow for the GF capital programme until 2021-22, and then projected forward based on the assumed level of capital expenditure with MRP over 15 years repayment period
 - income, expenditure and reserves are updated until 2028-29, based on estimated income and expenditure and then projected forward by using a 0% inflation adjustment each year



2.23 The liability benchmark (the red solid line in the above graph) shows our net debt position (the minimum amount of borrowing we would need to have zero investments). If the liability benchmark line rises above the amount of loans we have (the shaded area), we need to borrow externally and no longer have any internal borrowing capacity. Within the liability benchmark figure, we are assuming we will have a minimum level of cash investments of £20 million at any time moving forward to cover our cash flows.

2.24 The loans CFR (the blue line in the above graph) is continuing to increase in line with the assumptions made around capital expenditure being financed from borrowing.

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

2.26 We will undertake some modelling taking into account the projects listed in the Corporate Plan, for example, which will tell us the potential impact on our borrowing requirement.

- 2.27 To ensure we ultimately finance the GF CFR, we are required to make a Minimum Revenue Provision (MRP) charge to the revenue account each year. This is a real charge to the revenue account and generates the cash required to pay for capital expenditure (either by repaying the internal borrowing or repaying physical loans). There is no requirement to make MRP on the HRA CFR.
- 2.28 The Government has set a debt cap for the HRA CFR. This stands at £197.025 million, (an increase from £196.6 million). As can be seen above, we are operating at our debt cap so are unable to take out any more external borrowing for the HRA.

Minimum Revenue Provision

- 2.29 Where the Council finances capital expenditure by debt (internal or external borrowing), the CFR will increase and we must put aside resources to repay that debt in later years – known as MRP.
- 2.30 The Local Government Act 2003 requires the Council to have regard to the Department for Communities and Local Government’s Guidance on MRP (“the CLG Guidance”) most recently issued in 2012.
- 2.31 The CLG Guidance aims to ensure that debt is repaid over a period that is reasonably commensurate with that over which the capital expenditure provides benefits.
- 2.32 It also requires the Council to approve an annual MRP statement and recommends a number of options for calculating a prudent MRP.
- 2.33 Unfinanced capital expenditure incurred in 2016-17 will not be subject to an MRP charge until 2017-18. Where schemes have not been completed at the end of the financial year, MRP will be deferred until the scheme is complete and the asset is operational.
- 2.34 MRP only applies to the GF. There is no requirement to make an MRP charge on the HRA.
- 2.35 Based on the Council’s estimate of its CFR on 31 March 2017, and unfinanced capital expenditure in 2016-17 of £44.7 million, the budget for MRP for 2017-18 has been set at £1.228 million.
- 2.36 We base the future MRP projections on the capital programme spending profile. Based on the current approved capital programme, and the new bids submitted as part of this report, we expect MRP to be £2.2 million in 2018-19, £3.17 million in 2019-20, £4.5 million in 2020-21, and £7.4 million in 2021-22. Profiling of capital expenditure is key in determining the impact of MRP on the revenue account.

MRP Policy

- 2.37 The Council will use the asset life method as its main method of applying MRP, but will use the annuity method for investment property.
- 2.38 Where appropriate, for example in relation to capital expenditure on development, we may use an annuity method starting in the year after the asset becomes operational.
- 2.39 Where we acquire assets ahead of a development scheme, we will charge MRP based on the income flow of the asset or as service benefit is obtained. Therefore, where construction, major refurbishment or redevelopment of an asset occurs, we will not charge MRP during the period of construction refurbishment or redevelopment. MRP will not be charged from the date a property is vacant (as long as the development starts within 12 months of the vacation date). MRP will be charged in the financial year after the asset has returned to operational use.
- 2.40 Where expenditure on schemes are pending receipt of an alternative source of finance (for example capital receipts), we will not charge MRP.
- 2.41 The MRP guidance recommends a life of 50 years for freehold land. However, we feel that as land often has an infinite economic life, charging MRP over 75 years is more realistic whilst maintaining prudence. If we were to purchase land for development purposes, we will also apply an estimated life of 75 years which is at least as great as it will be if a new building was placed on it. We believe that new buildings or similar structures will have an estimated life of 75 years.
- 2.42 Where loans are made to other bodies for their capital expenditure, no MRP will be charged. However, the capital receipts generated by the repayments on those loans will be put aside to reduce the CFR.
- 2.43 For investments in shares classed as capital expenditure, we will apply a 100-year life.
- 2.44 For assets acquired by finance leases, MRP will be determined as being equal to the element of the rent or charge that goes to write down the balance sheet liability.
- 2.45 We will apply a prudent approach to determining which schemes are financed from capital resources and which ones will be subject to MRP. For example, we feel it is prudent to apply capital resources to those schemes that have a shorter estimated life. We will determine this annually as part of closing the accounts.
- 2.46 Estimated life periods will be determined under delegated powers.

Ratio of financing to net revenue stream Prudential Indicator

- 2.47 This is an indicator of affordability and highlights the revenue implications of existing and proposed capital expenditure by identifying the proportion of revenue budget required to meet financing costs associated with capital spending, net of investment income.
- 2.48 The net revenue stream for the GF is the total budget requirement and for the HRA is total income.
- 2.49 Where the figures are negative, it means that interest receivable by the Council is higher than interest payable on the financing.

	2016-17 Approved	2016-17 Outturn	2017-18 Estimate	2018-19 Estimate	2019-20 Estimate	2020-21 Estimate	2021-22 Estimate
General Fund	2.15%	-4.63%	11.44%	39.12%	43.13%	44.42%	61.58%
HRA	30.13%	32.42%	31.07%	28.39%	27.05%	28.72%	27.51%

- 2.50 The GF outturn for 2016-17 is lower than approved because investment income is anticipated to be higher than budgeted due to more cash than expected in the year. The 2017-18 estimate is higher than the 2016-17 outturn rate because of the increasing MRP and reducing cash balances. The large increase from 2018-19 relates to an increase in the MRP budget and a large increase in interest payable on external borrowing - a direct result of the increasing capital expenditure.
- 2.51 The HRA indicator is reducing slightly because of the reducing debt interest costs as one of the Council's loan is being repaid, and interest on HRA reserves is increasing in line with expected balances in reserves.

Incremental impact of capital investment decisions

- 2.52 This is an indicator of affordability. It forecasts the effect on the revenue budget arising from the capital programme, excluding financing costs. The calculation is the loss of interest on funds used for the capital programme, plus any ongoing revenue implications of the schemes and MRP.
- 2.53 The table below shows the cost on Council Tax of the current capital programme which takes account of changes made during 2016-17, and the impact of the net cost of the new capital bids on Council Tax Band D.
- 2.54 Capital investment decisions do not impact on the weekly housing rents as the Council sets them based on the discontinued national rent convergence policy laid down by CLG, but now implemented at a local level. There is no variation to Council Tax once it has been set for the year.

	2016-17 Estimate £	2017-18 Estimate £	2018-19 Estimate £	2019-20 Estimate £	2020-21 Estimate £	2021-22 Estimate £
Cost of current capital programme on Council Tax - Band D	5.02	30.01	49.96	28.19	16.26	15.92
Cost of new bids on Council Tax - Band D	7.72	6.51	12.46	-15.90	-5.09	-32.17
Total impact of the GF capital programme	12.74	36.52	62.42	12.29	11.17	-16.25
Cost of Housing Capital Programme on Weekly Housing Rents	1.03	0.74	2.56	1.98	0.06	0.07

2.55 The table shows that the impact for the period for the current capital programme, and the impact of the new bids. It can be seen that there is a large requirement in 2017-18 and 2018-19 mainly as a result of the new bids submitted, and the loss of interest and borrowing costs associated with that expenditure. The costs reduce in the later years for two reasons: the capital programme has very little scheduled in, which is expected to change as we move through the timeframe in the table, and also because of the favourable revenue implications of the new bids submitted.

2.56 For the HRA, there are only small changes because of the stable capital expenditure profile and the new build programmes.

3. Borrowing

3.1 The Council can borrow short-term for cash flow purposes and long-term for funding the capital programme, which is linked to the CFR.

3.2 We currently have £231 million of long-term external loans, an reduction of £7 million from the previous year. As explained in paragraph 2.15 the majority of the external borrowing relates to the HRA - £194 million.

3.3 The balance sheet forecast, in paragraph 2.11, shows the Council has a net GF external borrowing need of up to £89 million in 2017-18, including the new capital bids for 2017-18 to 2021-22. The net cost of these new schemes is £125 million. HRA cash balance for 2017-18 are estimated to be £54 million which shows a net external borrowing need of £35 million of the Council.

3.4 We may also borrow to externalise our current internal borrowing, or to pre-fund future year's requirement, providing this does not exceed the authorised borrowing limit and the highest level of the CFR in the next three years (to ensure we do not over borrow).

Objective

- 3.5 Our primary objective when borrowing money is to strike an appropriately low risk balance between securing low interest costs and achieving cost certainty over the period for which funds are required. The flexibility to renegotiate loans should our long-term plans change is a secondary option, but is still a consideration.

Strategy

- 3.6 Given the significant cuts to public expenditure and in particular local government funding, our borrowing strategy continues to focus on affordability without compromising the longer-term stability of the debt portfolio. With short-term interest rates currently much lower than long-term rates, it is likely to be more cost effective, in the short-term, to use internal borrowing or to borrow short-term loans instead. We will, however, continuously review all borrowing options available to us and assess their suitability.
- 3.7 By doing this, we are able to reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk.
- 3.8 We will continue to monitor our internal borrowing position against the potential of incurring additional interest costs if we defer externalising borrowing into the future when long-term borrowing rates are forecast to rise modestly. Arlingclose will assist us with this 'cost of carry' and breakeven analysis in line with our capital spending plans. Its output may determine whether we borrow additional sums at long-term fixed rates in 2017-18 with a view to keeping future interest costs low, even if this causes additional cost in the short-term.
- 3.9 Alternatively, we may arrange forward starting loans during 2017-18, where the interest rate is fixed in advance, but the cash is received in later years. This would enable cost certainty to be achieved without suffering a cost of carry in the intervening period.
- 3.10 We may borrow short-term loans for cash flow purposes.
- 3.11 In deciding when we externally borrow for the GF capital programme, we will also review other options. For instance, we have the flexibility to transfer PWLB loans from the HRA to the GF, if the HRA has enough resources to allow this.
- 3.12 We will also review our capital programme and the liability benchmark as well as the capital vision and expenditure plans, and potential capital receipts that are not yet on the capital programme when looking at externalising borrowing. This will then be reviewed alongside the cost of that borrowing to determine the most favourable borrowing portfolio.

Sources of borrowing

- 3.13 We will consider, but are not limited to, the following long and short-term borrowing sources:
- Public Works Loans Board (PWLB) and any successor body
 - any institution approved for investments (see below, paragraph 4.17)
 - UK local authorities
 - any other bank or building society authorised to operate in the UK
 - UK public and private sector pension funds (other than the local pension fund)
 - capital market bond investors
 - UK Municipal Bond Agency plc and other special purpose companies created to enable local authority bond issues
 - European Investment Bank (EIB)

- 3.14 We may also raise capital finance by using the following methods that are not borrowing, but may be classed as other debt liabilities:

- operating and finance leases
- hire purchase
- private finance initiative
- sale and leaseback

- 3.15 The Council has previously raised the majority of long-term loans from the PWLB, but we will continue to investigate other sources of finance, such as local authority loans and bank loans that may be available at more favourable rates.

Municipal Bond Agency

- 3.16 UK Municipal Bonds Agency plc was established in 2014 by the Local Government Association (LGA) as an alternative to the PWLB. It plans to issue bonds on the capital markets and lend the proceeds to local authorities. This will be a more complicated source of finance than the PWLB, for two reasons:

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

Debt Rescheduling

- 3.17 The PWLB allows local authorities to repay loans before maturity and either pay a premium or receive a discount according to a set formula based on current interest rates. Other lenders may also be prepared to negotiate premature redemption terms. The Council may take advantage of this and could replace some loans with new loans, or repay loans without replacement, where this is

expected to lead to an overall cost saving or a reduction in risk, and where we have enough money in reserves to fund the repayment.

Maturity structure of fixed rate borrowing treasury indicator

- 3.18 This indicator is set to control the Council's exposure to refinancing risk. We calculate this as the amount of fixed rate borrowing we can have maturing in each period as a percentage of total projected borrowing that is at a fixed rate. The calculation takes fixed rate to be whether the borrowing was taken out at a fixed rate for a fixed period of time, regardless of that length of time. The upper and lower limits on the maturity structure of fixed rate borrowing are proposed as:

Maturity Structure of fixed borrowing		
	2017-18	
	Lower	Upper
Under 12 months	0%	30.00%
1 year to 2 years	0%	20.00%
3 years to 5 years	0%	35.00%
6 years to 10 years	0%	50.00%
11 years and above	0%	100.00%

- 3.19 Time periods start on the first day of each financial year. The maturity of borrowing is the earliest date on which the lender can demand repayment (in the case of PWLB this will be the maturity date). As with our definition of investments, we include short-term borrowing as fixed, therefore the maturity under 12 months is higher than up to two years.
- 3.20 This indicator allows us to have the above percentage of borrowing maturing in each time period shown, taking into account our current debt profile and providing an allowance for new borrowing, whilst having consideration to the capital programme.

Interest rate exposures treasury indicator

- 3.21 This indicator is set to control the Council's exposure to interest rate risk. The upper limits on fixed and variable rate interest rate exposures are shown in the table below and expressed as absolute figures as the amount of net principal borrowed (investments count as negative borrowing). We base these limits on our current position, with allowances for known changes. They are operational working limits, not absolute limits.

Limits expressed as figures	2016-17 Approved	2016-17 Revised	2017-18 Estimate	2018-19 Estimate	2019-20 Estimate
Net Debt / (investments):					
Limits on fixed interest rates (£000)	198,650	251,030	267,120	483,740	644,370
Limits on variable interest rates (£000)	(25,870)	(49,930)	1,320	36,640	44,050

- 3.22 Where net debt is a negative figure, it means our investments are greater than our level of debt. For 2017-18 the table shows we are expecting our variable rate debt to be very slightly higher than our variable rate investments. We are allowing ourselves to have all of our debt to be at a fixed rate. This includes our current variable rate debt, which we can transfer to fixed rate at any of the re-set dates (every six months in September and March), although in this indicator we are assuming we will keep it variable.
- 3.23 For the purposes of this indicator, where we place a fixed rate deposit, or take out a loan for a fixed rate for less than one-year, we class this as fixed rather than variable.
- 3.24 Future years' estimates are linked to the current debt portfolio, adjusted for any potential borrowing linked to the CFR projections. Investment limits are based on the maximum level of cash the Council may have during the year.
- 3.25 The capital programme report, also contains the following two prudential indicators. The level of debt calculated is directly linked to the capital programme and treasury management activity.

Operational boundary for external debt

- 3.26 This is a monitoring indicator that shows the most likely (prudent but not worst case scenario) for external debt. It directly links to our capital expenditure plans, the CFR and cash-flow requirements. It is a key management tool for in-year monitoring. Other long-term liabilities include finance leases, private finance initiatives and other long-term liabilities that are not borrowing but form part of the Council's debt.

Operational Boundary of External Debt	2016-17 Approved £000	2016-17 Revised £000	2017-18 Estimate £000	2018-19 Estimate £000	2019-20 Estimate £000	2020-21 Estimate £000	2021-22 Estimate £000
Borrowing - General Fund	149,406	88,796	252,616	397,146	438,496	495,096	503,466
Borrowing - HRA	197,024	197,024	197,024	197,024	197,024	197,024	197,024
Other Long Term Liabilities	26,000	26,000	26,000	26,000	26,000	26,000	26,000
Total	372,430	311,820	475,640	620,170	661,520	718,120	726,490

- 3.27 The total represents the current debt portfolio and a maximum amount of temporary borrowing that may be required in the year. It is not a limit of total borrowing for the Council. It is calculated by taking the estimated CFR plus an

allowance of headroom for cash movements. The HRA operational boundary is limited to the HRA debt cap set by the Government.

Authorised limit for external debt

- 3.28 The authorised limit is the affordable borrowing limit determined in compliance with the Local Government Act 2003, and is the maximum amount of debt that the Council can legally owe. The authorised limit provides headroom over and above the operational boundary for any unusual cash movements.

Authorised Limit for External Debt	2016-17 Approved £000	2016-17 Revised £000	2017-18 Estimate £000	2018-19 Estimate £000	2019-20 Estimate £000	2020-21 Estimate £000	2021-22 Estimate £000
Borrowing - General Fund	185,706	133,396	302,816	453,546	503,196	551,296	575,366
Borrowing - HRA	197,024	197,024	197,024	197,024	197,024	197,024	197,024
Other Long Term Liabilities	26,000	26,000	26,000	26,000	26,000	26,000	26,000
Total	408,730	356,420	525,840	676,570	726,220	774,320	798,390

- 3.29 The GF authorised debt level gives headroom for significant cash-flow movements, over the operational boundary, for example if we do not receive Council Tax on the correct day. The HRA limit is set at the debt cap imposed by the Government.
- 3.30 We are required to set a limit for other long-term liabilities, for example finance leases. We have included an allowance for capital expenditure that could be classed as finance leases.
- 3.31 Officers monitor the authorised limit on a daily basis against all external debt items on the balance sheet (long and short-term borrowing, overdrawn bank balances and long-term liabilities).

4. Investments

- 4.1 As at 30 November 2016, the Council had £131 million invested, representing surplus income plus balances and reserves held. Our average balance for the year to date is £148 million. We expect these balances to reduce in line with our capital expenditure plans, as highlighted in **section 2** of this report, and the GF capital programme report.

Objectives

- 4.2 Both the CIPFA TM Code and the CLG Guidance require the Council to invest its funds prudently, and to have regard to the security and liquidity of our investments before seeking the highest rate of return or yield. The Council's objective, when investing money, is to strike an appropriate balance between risk and return - minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income. The level of return should be commensurate with the level of risk.

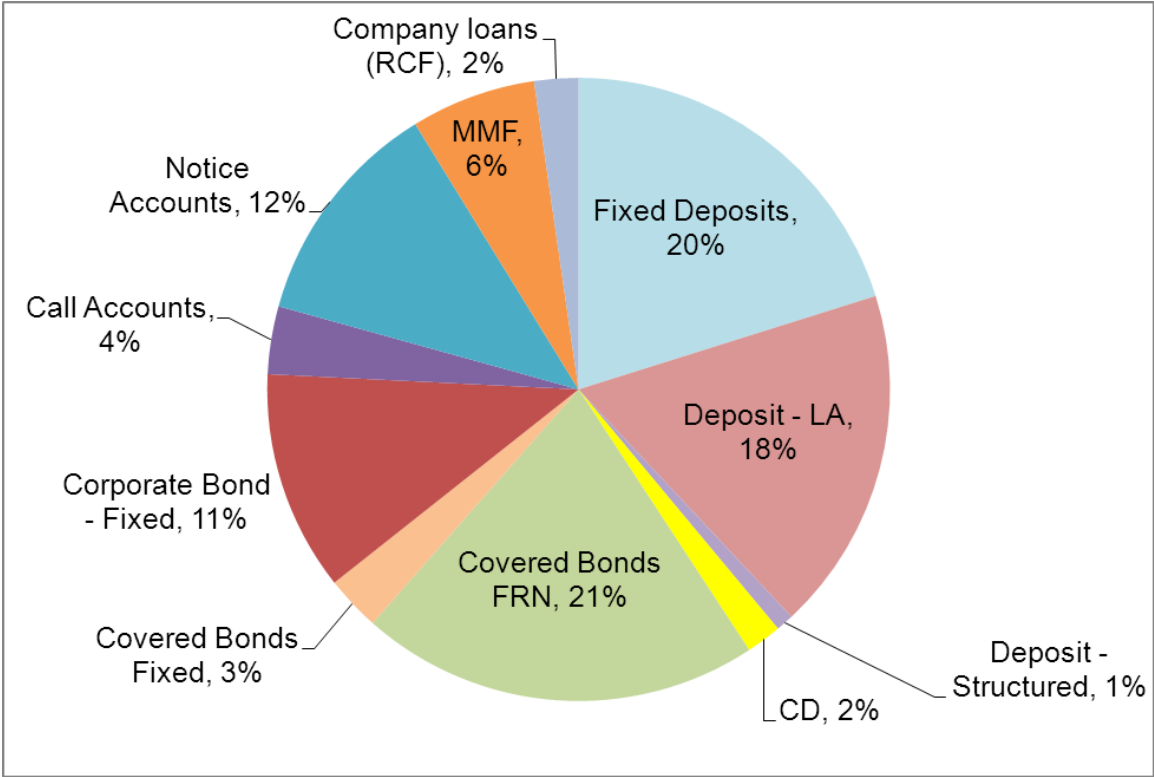
- 4.3 Where balances are expected to be invested for more than one year, the Council will aim to achieve a total return that is equal or higher than the prevailing rate of inflation, in order to maintain the spending power of the sum invested.

Negative interest rates

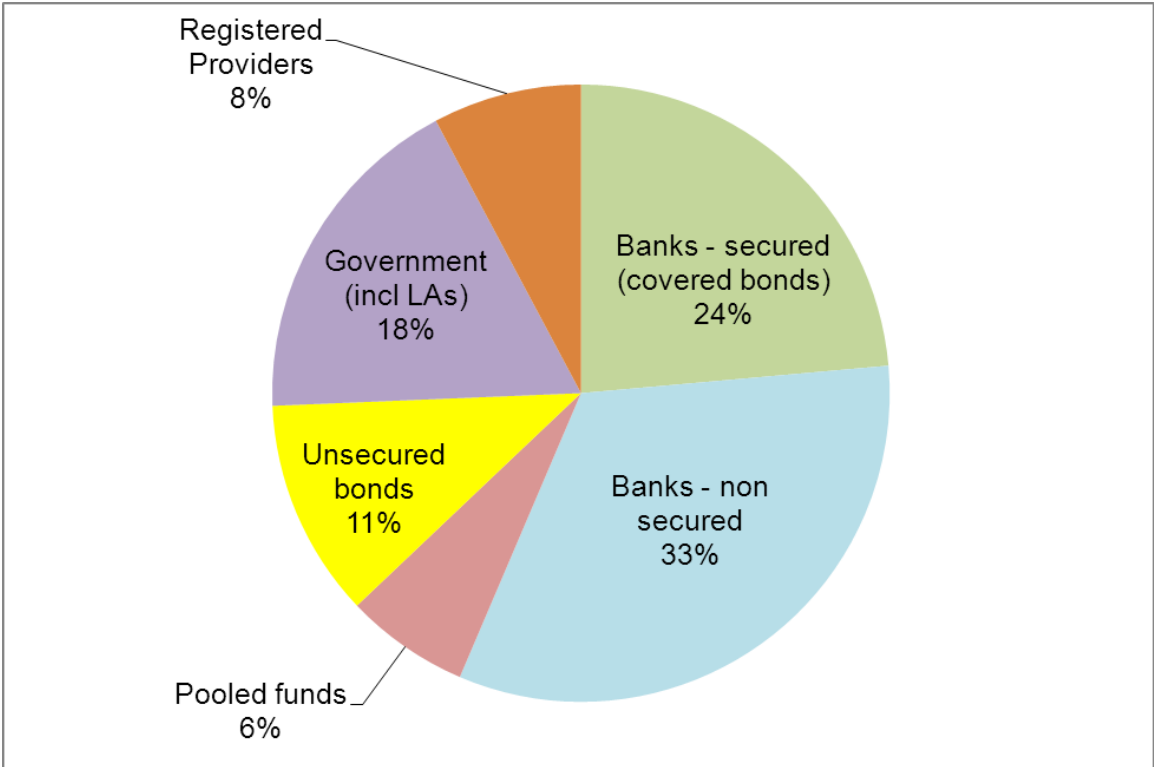
- 4.4 If the UK enters into a recession in 2017-18, there is a small chance that the BoE could set its bank rate at, or below zero. This is likely to feed through to negative interest rates on all low risk, short-term investment options. This situation already exists in many other European countries. In this event, security will be measured as receiving the contractually agreed amount at maturity, even though this may be less than the amount originally invested.

Strategy

- 4.5 Given the increasing risk (lower rated counterparties and the risk of bail-in), and falling returns from short-term unsecured bank investments, the Council aims to continue to diversify into more secure and / or higher yielding asset classes during 2017-18. This is especially the case for our longer-term investments. This diversification will represent a continuation of the new strategy adopted in 2015-16.
- 4.6 Diversification is key, all investments can earn extra interest, but not all investments will default. Also, to highlight the need for security and diversification it takes a long time of earning an extra 1% interest cover to cover the 20% to 50% loss from a default.
- 4.7 This graph shows how our current portfolio is diversified. It is unlikely we will be able to move away from unsecured deposits entirely, but the less in this category and the more diversified the portfolio is the better the spread of risk.



4.8 This graphs shows how diversified our in house investment portfolio is (excluding pooled funds). The following graph shows our in house investment portfolio by security:



4.9 We are required to classify investments as specified or non-specified by the investment guidance issued by CLG.

Specified investments

4.10 The CLG Guidance defines specified investments as those:

- denominated in pound sterling
- due to be repaid within 12 months of the arrangement
- not defined as capital expenditure by legislation and
- invested with one of:
 - the UK Government
 - a UK local authority, parish council or community council, or
 - a body or investment scheme of “high credit quality”

4.11 The Council defines high credit quality organisations as those having a long-term credit rating of A- or higher that are domiciled in the UK or foreign country with a long-term sovereign rating of AA or higher. Money market funds do not need to be domiciled in a country with an AA rating.

Non-specified investments

4.12 Any investment not meeting the definition of a specified investment is classed as non-specified.

4.13 The Council will not make any investment denominated in foreign currencies, only sterling.

4.14 We may make an investment that is defined as capital expenditure by legislation, such as company shares.

4.15 Non-specified investments will, mainly, be limited to long-term investments (those that are due to mature 12 months or longer from the date of the arrangement), and investments with bodies and schemes not meeting our definition of higher credit quality. This may include investments with banks that do not meet our credit criteria.

4.16 Limits on non-specified investments are shown in the table below:

Non-specified investments	Cash limit (£ 000)
Items currently in the strategy	
Total long-term investments (>364 days)	70,000
Total investments in institutions without credit ratings or rated below (A-)	45,000
Pooled funds (incl MMFs) without credit ratings or rated below (A-)	70,000
Total investments with institutions domiciled in foreign countries rated below AA	20,000
Investments in wholly owned subsidiaries of the Council (if we have one)	100,000
Maximum level of non-specified investments (% of portfolio)	100%

4.17 We may invest in institutions without credit ratings, or rated below A- (our defined minimum rating for high credit quality) to ensure we have diversification in our investment portfolio.

4.18 We currently invest in some non-rated building societies, and BBB rated corporate bonds. We need to ensure we have flexibility in our strategy to allow us to ensure an appropriate mix with the security on our portfolio.

Approved counterparties

4.19 The Council may invest its surplus funds with any of the counterparty types in the following table, subject to the limits shown, and subject to any other limits that may be within this strategy (in particular **paragraph 4.13**)

Credit Rating	Banks - unsecured	Banks - secured	Government (incl LAs)	Corporates	Registered Providers
Specified investments					
UK Government	n/a	n/a	£unlimited, 50 yrs	n/a	n/a
AAA	£6m, 5 yrs	£10m, 20 yrs	£10m, 50 yrs	£6m, 20 yrs	£6m, 20 yrs
AA+	£6m, 5 yrs	£10m, 10 yrs	£10m, 25 yrs	£6m, 10 yrs	£6m, 10 yrs
AA	£6m, 4 yrs	£10m, 5 yrs	£10m, 15 yrs	£6m, 5 yrs	£6m, 10 yrs
AA-	£6m, 3 yrs	£10m, 4 yrs	£10m, 10 yrs	£6m, 4 yrs	£6m, 10 yrs
A+	£6m, 2 yrs	£10m, 3 yrs	£6m, 5 yrs	£6m, 3 yrs	£6m, 5 yrs
A	£6m, 2 yrs	£10m, 3 yrs	£6m, 5 yrs	£6m, 2 yrs	£6m, 5 yrs
A-	£6m, 18 mths	£10m, 2 yrs	£6m, 5 yrs	£6m, 18 mths	£6m, 5 yrs
Non Specified investments					
BBB+	£4m, 1 yr	£5m, 1 yr	£4m, 2 yrs	£3m 1 yr	£3m, 2 yrs
None	£1m, 6 mths	n/a	£4m, 25 yrs	£500k, 5yrs	£6m, 5 yrs
Money Market Funds	£18m per fund				
Pooled funds	£10m per fund				

4.20 These limits are per counterparty and the higher level is the maximum. For instance, we will not invest more than £10 million with a bank or group of banks, which can all be secured or a maximum of £6 million unsecured and £4 million secured. We propose to allow ourselves to invest in secured investments for longer periods than unsecured deposits. An example of a counterparty with no credit rating is a non-rated building society, where we can invest £1 million per

- counterparty. These time limits are the maximum for the year, and operationally we could have a shorter duration – these are reviewed throughout the year with Arlingclose.
- 4.21 We have limits to try and avoid default on our investments, although this may not always be successful. By setting realistic but prudent limits we are forcing diversification which aims to help reduce the value of a default if we are exposed to one.
- 4.22 HSBC are our bankers. We do place some investments with them, but on occasions we may be in a position where we have received some unexpected cash and we may, therefore, breach the unsecured limit. We would aim for this to be for as short a duration as possible.
- 4.23 Credit rating: we use the lowest published long-term credit rating from Fitch, Moody's or Standard & Poor's (S&P) when making investment decisions, alongside other indicators/factors and external advice. Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used.
- 4.24 Banks unsecured: these instruments include, but are not limited to, accounts, deposits, certificates of deposit, and senior unsecured bonds with banks and building societies, other than multilateral development banks. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail.
- 4.25 Banks secured: these instruments include covered bonds, reverse repurchase agreements and other collateralised arrangements with banks and building societies. These investments are secured on the institutions assets, which limits the potential losses in the unlikely event of insolvency, and means that they are exempt from bail-in. Where there is no investment specific credit rating, but the collateral upon which the investment is secured has a credit rating, the highest of the two will be used to determine cash and time limits. The law states that covered bonds and reverse repurchase transactions cannot be bailed in.
- 4.26 Government: instruments include 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. Investments with the UK Central Government may be made in unlimited amounts for up to 50-years.
- 4.27 Corporates: the instruments include loans, bonds and commercial paper issued by companies other than banks, building societies and registered providers. These investments are not subject to bail-in, but are exposed to the risk of the company going insolvent. Loans to unrated companies will only be made as part of a diversified pool of corporate investments in order to spread the risk widely.

- 4.28 Registered providers: these include loans and bonds issued by, guaranteed by, or secured on the assets of Registered Providers of Social Housing, formally known as Housing Associations. These bodies are tightly regulated by the Homes and Communities Agency and, as providers of public services, they retain a likelihood of receiving government support if needed.
- 4.29 Pooled funds: these are shares in diversified investment vehicles consisting of any of the above investments types, plus equity shares and property, and also money market funds. These funds have the advantage of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a fee. Short-term money market funds that offer same-day liquidity and very low or no volatility will be used as an alternative to instant access bank accounts, while pooled funds whose value changes with market prices and/or have a notice period will be used for longer investment periods.
- 4.30 Bonds, equity and property funds offer enhanced returns over the longer-term, but are more volatile in the short-term. These allow the Council to diversify into asset classes other than cash without the need to own and manage the underlying investments. Because these funds have no defined maturity date, but are available for withdrawal after a notice period, we will monitor their performance and continued stability in meeting the Council's investment objectives regularly.

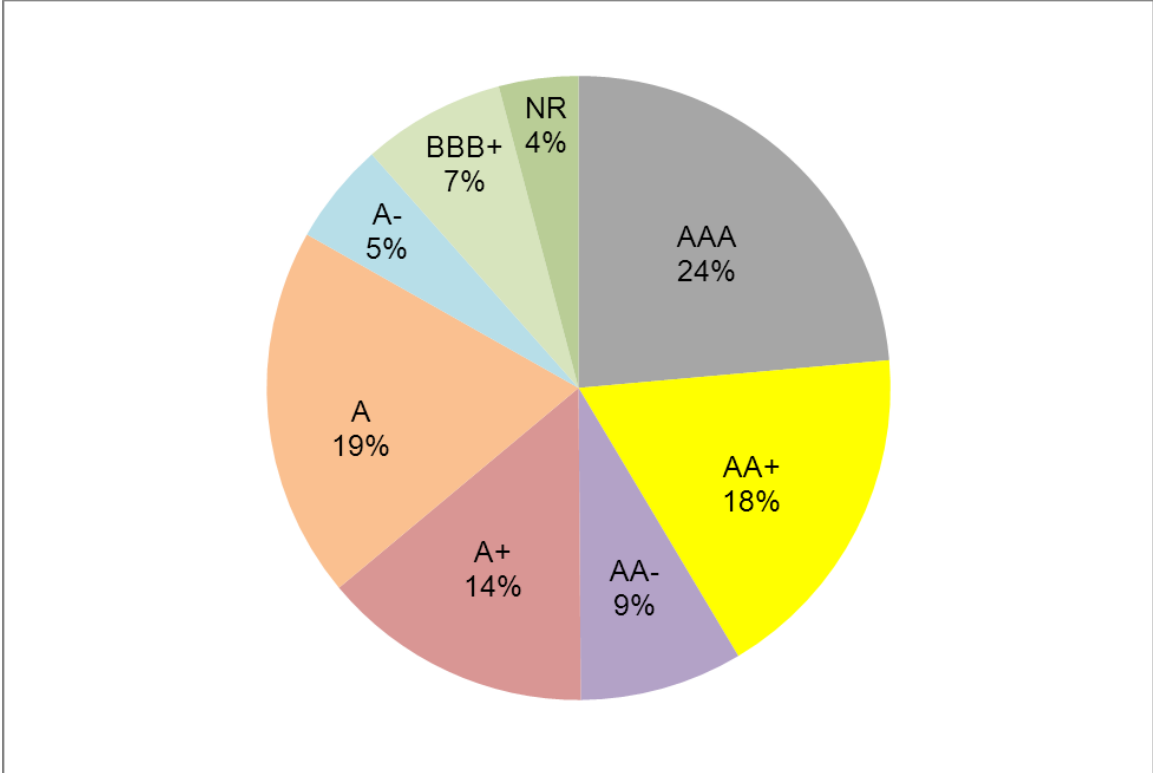
Investment limits

- 4.31 To mitigate risk of default, we will ensure that no more than 10% of available reserves will be invested in any one institution or institutions within the same group (other than the UK Government) and therefore limit the amount invested at £10 million. A group of banks under the same ownership will be treated as a single organisation for limit purposes. Investment in pooled funds and multilateral development banks do not count against the limit for any single foreign country, since the risk is diversified over many countries.

Treasury management risk and credit ratings

- 4.32 Arlingclose obtain and monitor credit ratings and they notify us with any changes in ratings as they occur.
- 4.33 Where an entity has its credit rating downgraded and it then fails to meet the approved investment criteria then:
- no new investments will be made
 - any existing investments that can be recalled or sold at no cost will be
 - full consideration will be given to the recall or sale of all other existing investments with the affected institution

- 4.34 Where a credit rating agency announces that a credit rating is on review for possible downgrade (also known as “rating watch negative” or “credit watch negative”) so that it may fall below the approved rating criteria, we will limit new investments with that organisation to overnight until the outcome of the review is announced. This policy will not apply to negative outlooks, which indicate a long-term direction of travel rather than an imminent change of rating.
- 4.35 The Council understands that credit ratings are good, but not perfect, predictors of investment default. We will take account of other available information on the credit quality of the institutions, in which we invest, including credit default swops, financial statements, information on potential government support and reports in the quality financial press.
- 4.36 We will not make investments with an organisation if there are substantive doubts about its credit quality, even though it may meet the credit rating criteria.
- 4.37 When deteriorating financial market conditions affect the credit worthiness of all organisations, as happened in 2008 and 2011, this is generally not reflected in credit ratings, but can be seen in other market measures. In these circumstances, the Council will restrict its investments to those institutions of higher credit quality and reduce the maximum duration of its investments to maintain the required level of security.
- 4.38 The extent of these restrictions will be in line with prevailing financial market conditions. If these restrictions mean that if there are insufficient commercial organisations of high credit quality to invest with our cash balances, then the surplus will be deposited with the UK Government, via the Debt Management Office (DMO) or invested in government treasury bills for example, or with other local authorities. This will cause a reduction in the level of investment income earned, but will help protect the principal sum invested.
- 4.39 We measure and manage our exposure to treasury management risk by using the following indicators:
- Security: we have adopted a voluntary measure of our exposure to credit risk by monitoring the value-weighted average credit rating of the investment portfolio. This is calculated by applying a score to each investment (AAA=1, AA+=2, etc) and taking the arithmetic average, weighted by the size of each investment. Unrated investments are assigned a score based on their perceived risk. The average portfolio credit rating target is set at A for 2017-18. The following chart shows how our current portfolio is made up – this is updated monthly.



- Liquidity:** we monitor our liquidity by using a cash flow system called TreasuryNet. We project forward for the financial year, and enter all known cash flows at the beginning of the financial year and then update the position on a daily basis. This forms the basis of our investment decisions in terms of length and value of investments made. We have set £20 million as our minimum liquidity requirement. We also have a monthly high level cash flow over four years.

Principal sums to be invested for periods longer than 364 days

4.40 The purpose of this indicator is to control the Council’s exposure to the risk of incurring losses by seeking early repayment of our investments. The limits on the long-term principal sum invested to final maturity beyond the end period will be:

	2016-17 Approved	2017-18 Estimate	2018-19 Estimate	2019-20 Estimate
Upper limit for total principal sums invested for longer than 364 days	£50m	£70m	£50m	£30m

4.41 This is just a limit and does not mean we will invest £70 million longer than 364 days. We are currently assuming lower limits in future years which is in line with our decreasing cash balances as a result of capital expenditure. We have increased this for 2017-18 because we are making more investments in covered

bonds which are classed as long term. These instruments increase the security of the investment portfolio but we can also sell them should we need the liquidity.

5. Other items

- 5.1 There are a number of additional items the Council is obliged by CIPFA or CLG to include in our treasury management strategy.

The Council's banker

- 5.2 HSBC Bank plc are our day to day bankers holding all our current accounts. The contract is up for renewal from 1 January 2017, and we completed the tender exercise and awarded HSBC the contract for a further 7 years – ending on 31 December 2024.
- 5.3 HSBC is currently rated above our minimum credit criteria. Should the credit rating fall below the minimum credit rating, we may continue to deposit surplus cash with HSBC providing that investments can be withdrawn on the next working day, and that the bank maintains a credit rating no lower than BBB- (the lowest investment grade rating).

Policy in the use of Financial Derivatives

- 5.4 Local authorities have previously made use of financial derivatives embedded into loans and investments both to reduce interest rate risk (for example interest rate collars and forward deals), and to reduce costs or increase income at the expense of greater risk (for example LOBO loans and callable deposits).
- 5.5 The general power of competence in Section 1 of the Localism Act 2011 removes much of the uncertainty over local authorities' use of standalone financial derivatives (those that are not embedded into a loan or investment).
- 5.6 The Council will only use standalone financial derivatives (such as swaps, forwards, futures and options) where they can be clearly demonstrated to reduce the overall level of financial risks that the Council is exposed to. Additional risks presented, such as credit exposure to derivative counterparties, will be taken into account when determining the overall level of risk. Embedded derivatives, including those present in pooled funds and forward starting transactions, will not be subject to the strategy, although the risk they present will be managed in line with the overall treasury risk management strategy.
- 5.7 We may arrange financial derivative transactions with any organisation that meets the approved investment criteria. The current value of any amount due from a derivative counterparty will count against the counterparty credit limit and the relevant foreign country limit.

Policy on apportioning interest to the HRA

- 5.8 The Council operates a two-pooled approach to its loans portfolio, which means we separate long-term HRA and GF loans.
- 5.9 Interest payable and other costs or income arising from long-term loans (for example premiums and discounts on early redemption) will be charged or credited to the respective revenue account. Differences between the value of the HRA loans pool and the HRA's underlying need to borrow (adjusted for HRA balance sheet resources available for investment) will result in a notional cash balance, which may be positive or negative. We will calculate an average balance for the year and interest transferred between the GF and HRA at the Council's weighted average return on its investments, adjusted for credit risk and temporary borrowing.
- 5.10 This credit risk adjustment reflects the risk to the GF that any investment default will be a charge to the GF, even if it is HRA cash that is lost.

Training

- 5.11 We assess training requirements for the Council's treasury management staff throughout the year, and additionally when the responsibilities of individual members of staff change.
- 5.12 Staff regularly attend training courses, seminars and conferences provided by Arlingclose, CIPFA and other appropriate bodies. Relevant staff are encouraged to study professional qualifications from CIPFA, the Association of Corporate Treasurers and other appropriate organisations.
- 5.13 Councillors undertake training as and when required, for example when there is a change in committee membership, and on an ad-hoc basis as required. The Lead Councillor for Finance attends the quarterly strategy meetings with Arlingclose and is briefed and updated on treasury management matters as and when required.

Investment consultants

- 5.14 Arlingclose are the Council's appointed treasury management advisors, with the contract running until 31 March 2022. We receive specific advice on investments, debt and capital finance issues. We have regular contact with the advisors and hold quarterly meetings with them to discuss changes on all aspects of treasury management and specifically in relation to the changing requirements of the Council.
- 5.15 The Council has access to five brokers to gather information and place deals where it is financially advantageous compared to direct dealing, and, where we are unable to access counterparties directly. We compare the information

received with information from other service providers in the market to gauge its applicability within our strategy.

Investment of money borrowed in advance of need

- 5.16 The Council may, from time to time, borrow externally in advance of need, where this is expected to provide the best long-term value for money. Since we will invest the amount borrowed until spent, the Council is aware that it will be exposed to the risk of loss of the borrowed sums, and the risk that investment and borrowing rates may change in the intervening period. These risks will be managed as part of our overall management of treasury risks.
- 5.17 The total amount borrowed will not exceed the authorised borrowing limit at any time.

Treasury management performance monitoring

- 5.18 CIPFA advocated the principle that Councils' should create appropriate methods by which the performance of their treasury management activities can be measured and recommend the selection of appropriate measures and setting of benchmarks.
- 5.19 Officers monitor the treasury management activity and prudential indicators on a monthly basis. Reports are made to the Corporate Governance and Standards Committee quarterly and a half-yearly report to Council. Other monitoring include:
- the Council will produce an outturn report on its treasury activity no later than 30 September after the end of the financial year
 - the treasury management panel will meet at key stages during the financial year to review compliance of indicators and performance of treasury activity in the year, review the annual strategy and the annual report
 - the Corporate Governance and Standards Committee is responsible for the scrutiny of the Council's treasury management activity and practices
- 5.20 The Council sets performance indicators to assess the return against the Bank of England base rate on treasury activities over the year. These include the separate monitoring of in-house investments (both longer-term and for cash flow purposes) and externally managed funds.
- 5.21 We also monitor performance through benchmarking with both CIPFA and other Arlingclose clients. The Council is a member of the Surrey treasury management officers group who meet twice a year to discuss treasury management issues and share practices.

Treasury management policy

Background

- 1 The Council adopts the key recommendations of the CIPFA's Treasury Management in the Public Services: Code of Practice (the Code), as described in Section 5 of the Code.
- 2 Accordingly, the Council will create and maintain, as the cornerstones for effective treasury management:
 - a treasury management policy statement, stating the policies, objectives and approach to risk management of its treasury management activities
 - suitable treasury management practices (TMPs), setting out the manner in which the Council will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.
- 3 The Council (i.e. full council) will receive reports on its treasury management policies, practices and activities including, as a minimum, an annual strategy and plan in advance of the year, a mid-year review and an annual report after its close, in the form prescribed in the TMPs.
- 4 The Council delegates responsibility for the implementation and monitoring of its treasury management policies and practices to the Treasury Management Panel and for the execution and administration of treasury management decisions to the Chief Financial Officer, who will act in accordance with the organisation's policy statement and TMPs and CIPFA's Standard of Professional Practice on Treasury Management.
- 5 The Council nominates the Corporate Improvement Scrutiny Committee to be responsible for ensuring effective scrutiny of the treasury management strategy and policies.

Policies and Objectives of treasury management activities

- 6 The Council defines its treasury management activities as:

“the management of the Council's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.”
- 7 This Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the Council, and any financial instruments entered into to manage these risks.

- 8 This Council acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable performance measurement techniques, within the context of effective risk management.
- 9 The Council's borrowing will be affordable, sustainable and prudent and consideration will be given to the management of interest rate risk, refinancing risk and maturity risk. The source from which the borrowing is taken and the type of borrowing should allow the Council transparency and control over its debt.
- 10 The Council's primary objective in relation to investments remains the security of capital. The liquidity or accessibility of the Council's investments following by the yield earned in investments remain important but are secondary considerations.

Glossary

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

Arlingclose – the Council’s treasury management advisors

Authorised Limit – the maximum amount of external debt at any one time in the financial year

Bail in risk – Following the financial crisis of 2008 when governments in various jurisdictions injected billions of dollars into banks as part of bail-out packages, it was recognised that bondholders, who largely remained untouched through this period, should share the burden in future by making them forfeit part of their investment to “bail-in” a bank before taxpayers are called upon.

A bail in takes place before a bankruptcy and under current proposals, regulators would have the power to impose losses on bondholders while leaving untouched other creditors of similar stature, such as derivatives counterparties. A corollary to this is that bondholders will require more interest if they are to risk losing money to a bail-in.

Balances and Reserves – accumulated sums that are maintained either earmarked for specific future costs or commitments or generally held to meet unforeseen or emergency expenditure

Bank Rate – the Bank of England base rate

Banks – Secured – covered bonds, reverse repurchase agreements and other collateralised arrangements with banks and building societies. These investments are secured on the banks assets, which limits the potential losses in the unlikely event of insolvency and means they are exempt from bail in.

Banks – Unsecured – accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. Subject to the risk of credit loss via a bail in should the 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

Certainty rate – the government has reduced by 20 basis points (0.20%) the interest rates on loans via the Public Works Loan Board (PWLB) to principal local authorities who provide information as specified on their plans for long-term borrowing and associated capital spending.

Certificates of deposit – Certificates of deposit (CDs) are negotiable time deposits issued by banks and building societies and can pay either fixed or floating rates of interest. They can be traded on the secondary market, enabling the holder to sell the CD to a third party to release cash before the maturity date.

CIPFA - the Chartered Institute of Public Finance and Accountancy. The institute is one of the leading professional accountancy bodies in the UK and the only one which specialises in the public sector. It is responsible for the education and training of professional accountants and for their regulation through the setting and monitoring of professional standards. Uniquely among the professional accountancy bodies in the UK, CIPFA has responsibility for setting accounting standards for a significant part of the economy, namely local government. CIPFA's members work, in public service bodies, in the national audit agencies and major accountancy firms.

CLG – Department for Communities and Local Government

Corporates – loans, bonds and commercial paper issued by companies other than banks and registered providers. These investments are not subject to bail-in, but are exposed to the risk of the company going insolvent.

Corporate bonds – Corporate bonds are those issued by companies. Generally, however, the term is used to cover all bonds other than those issued by governments. The key difference between corporate bonds and government bonds is the risk of default.

Cost of Carry - Costs incurred as a result of an investment position, for example the additional cost incurred when borrowing in advance of need, if investment returns don't match the interest payable on the debt.

Counterparty – the organisation the Council is investing with

Covered bonds – a bond backed by assets such as mortgage loans (covered mortgage bond). Covered bonds are backed by pools of mortgages that remain on the issuer's balance sheet, as opposed to mortgage-backed securities such as collateralised mortgage obligations (CMOs), where the assets are taken off the balance sheet.

Credit default swaps (CDS) – similar to an insurance policy against a credit default. Both the buyer and seller of a CDS are exposed to credit risk. The buyer effectively pays a premium against the risk of default.

Credit Rating – an assessment of the credit worthiness of an institution

Creditworthiness – a measure of the ability to meet debt obligations

Derivative investments – derivatives are securities whose value is derived from the some other time-varying quantity. Usually that other quantity is the price of some other asset such as bonds, stocks, currencies, or commodities.

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

Derivatives – Financial instruments whose value, and price, are dependent on one or more underlying assets. Derivatives can be used to gain exposure to, or to help protect against, expected changes in the value of the underlying investments. Derivatives may be traded on a regulated exchange or traded ‘over the counter’.

DMADF – Debt Management Account Deposit Facility operated by the DMO where users can place cash in secure fixed-term deposits. Deposits are guaranteed by the government and therefore have the equivalent of the sovereign credit rating.

DMO – debt management office. An Executive Agency of Her Majesty’s Treasury (HMT) with responsibilities including debt and cash management for the UK Government, lending to local authorities and managing certain public sector funds.

EIP Loans – Equal Instalments of Principal. A repayment method whereby a fixed amount of principal is repaid with interest being calculated on the principal outstanding

European Investment Bank (EIB) – The European Investment Bank is the European Union’s non-profit long-term lending institution established in 1958 under the Treaty of Rome. It is a “policy driven bank” whose shareholders are the member states of the EU. The EIB uses its financing operations to support projects that bring about European integration and social cohesion.

Finance Lease - a finance lease is a lease that is primarily a method of raising finance to pay for assets, rather than a genuine rental. The latter is an operating lease. The key difference between a finance lease and an operating lease is whether the lessor (the legal owner who rents out the assets) or lessee (who uses the asset) takes on the risks of ownership of the leased assets. The classification of a lease (as an operating or finance lease) also affects how it is reported in the accounts.

Floating rate notes – Floating rate notes (FRNs) are debt securities with payments that are reset periodically against a benchmark rate, such as the three month London inter-bank offer rate (LIBOR). FRNs can be used to balance risks incurred through other interest rate instruments in an investment portfolio.

Government – loans, bonds and bills issued or guaranteed by national governments, regional and local authorities and multilateral development banks. These investments are not subject to bail in, and there is an insignificant risk of insolvency.

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

Housing Grants – see Affordable Housing Grants

Illiquid – cannot be easily converted into cash

Interest rate risk – the risk that unexpected movements in interest rates have an adverse impact on revenue due to higher interest paid or lower interest received.

Liability benchmark – the minimum amount of borrowing required to keep investments at a minimum liquidity level (which may be zero)

LIBID – London Interbank BID Rate – the interest rate at which London banks are willing to borrow from one another

LIBOR - London Interbank Offer Rate – the interest rate at which London banks offer one another. Fixed every day by the British Bankers Association to five decimal places.

Liquidity risk – the risk stemming from the inability to trade an investment (usually an asset) quickly enough to prevent or minimise a loss.

Market risk – the risk that the value of an investment will decrease due to movements in the market.

Mark to market accounting – values the asset at the price that could be obtained if the assets were sold (market price)

Maturity loans – a repayment method whereby interest is repaid throughout the period of the loan and the principal is repaid at the end of the loan period.

Minimum Revenue Provision (MRP) - the minimum amount which must be charged to an authority's revenue account each year and set aside towards repaying borrowing

Money Market - the market in which institutions borrow and lend

Money market funds – an open-end mutual fund which invests only in money markets. These funds invest in short-term debt obligations such as short-dated government debt, certificates of deposit and commercial paper. The main goal is the preservation of principal, accompanied by modest dividends. The fund's net asset value remains constant (e.g. £1 per unit) but the interest rates does fluctuate. These are liquid investments, and therefore, are often used by financial institutions to store money that is not currently invested. Risk is extremely low due to the high rating of the MMFs; many have achieved AAA credit status from the rating agencies:

- Constant net asset value (CNAV) refers to funds which use amortised cost accounting to value all of their assets. They aim to maintain a net asset value (NAV), or value of a share of the fund, at £1 and calculate their price to two decimal places known as “penny rounding”. Most CNAV funds distribute income to investors on a regular basis (distributing share class), though some may choose to accumulate the income, or add it on to the NAV (accumulating share class). The NAV of accumulating CNAV funds will vary by the income received.
- Variable net asset value (VNAV) refers to funds which use mark-to-market accounting to value some of their assets. The NAV of these funds will vary by a slight amount, due to the changing value of the assets and, in the case of an accumulating fund, by the amount of income received.

This means that a fund with an unchanging NAV is, by definition, CNAV, but a fund with a NAV that varies may be accumulating CNAV or distributing or accumulating VNAV.

Money Market Rates – interest rates on money market investments

Multilateral Investment banks – International financial institutions that provide financial and technical assistance for economic development

Municipal Bonds Agency – An independent body owned by the local government sector that seeks to raise money on the capital markets at regular interval to on-lend to participating local authorities.

Non Specified Investments - all types of investment not meeting the criteria for specified investments.

Operational Boundary – the most likely, prudent but not worse case scenario of external debt at any one time

Pooled Funds – investments are made with an organisation who pool together investments from other organisations and apply the same investment strategy to the portfolio. Pooled fund investments benefit from economies of scale, which allows for lower trading costs per pound, diversification and professional money management.

Project rate – the government has reduced by 40 basis points (0.40%) the interest rates on loans via the Public Works Loans Board (PWLB) for lending in respect of an infrastructure project nominated by a Local Enterprise Partnership (LEP).

Prudential Code – a governance procedure for the setting and revising of prudential indicators. Its aim is to ensure, within a clear framework, that the capital investment plans of the Council are affordable, prudent and sustainable and that treasury management decisions are taken in accordance with good practice.

Prudential Indicators – indicators set out in the Prudential Code that calculates the financial impact and sets limits for treasury management activities and capital investment

PWLB (Public Works Loans Board) - a central government agency which provides long- and medium-term loans to local authorities at interest rates only slightly higher than those at which the Government itself can borrow. Local authorities are able to borrow to finance capital spending from this source.

Registered Providers (RPs) – also referred to as Housing Associations.

Repo - A repo is an agreement to make an investment and purchase a security (usually bonds, gilts, treasuries or other government or tradeable securities) tied to an agreement to sell it back later at a pre-determined date and price. Repos are secured investments and sit outside the bail-in regime.

Reserve Schemes – category of schemes within the General Fund capital programme that are funded from earmarked reserves, for example the Car Parks Maintenance reserve or Spectrum reserves.

Sovereign – the countries the Council are able to invest in

Specified Investments - Specified investments are defined as:

- a. denominated in pound sterling;
- b. due to be repaid within 12 months of arrangement;
- c. not defined as capital expenditure; and
- d. invested with one of:
 - i. the UK government;
 - ii. a UK local authority, parish council or community council, or
 - iii. a body or institution scheme of high credit quality

Stable Net Asset Value money market funds – the principle invested remains at its invested value and achieves a return on investment

Subsidy Capital Financing Requirement – the housing capital financing requirement set by the Government for Housing Subsidy purposes

SWAP Bid – a benchmark interest rate used by institutions

Temporary borrowing – borrowing to cover peaks and troughs of cash flow, not to fund spending

Treasury Management – the management of the Council's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risk associated with those activities and the pursuit of optimum performance with those risks.

Treasury net – the Council's cash management system

Treasury Management Practices – schedule of treasury management functions and how those functions will be carried out

Treasury Management Strategy Statement – also referred to as the TMSS.

Voluntary Revenue Provision – a voluntary amount charged to an authority's revenue account and set aside towards repaying borrowing.

Working capital – timing differences between income and expenditure (debtors and creditors)

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 & Poors.
AA Very high credit quality. 'AA' ratings denote expectations of very low credit risk. They indicate very strong capacity for payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events.	Aa Obligations rated Aa are judged to be of high quality and are subject to very low credit risk.	AA An obligator rated 'AA' has very strong capacity to meets its financial commitments. It differs from the highest rated obligators only to a small degree.
A High credit quality. 'A' ratings denote expectations of low credit risk. The capacity for payment of financial commitments is considered strong. This capacity may, nevertheless, be more vulnerable to changes in circumstances or in economic conditions than is the case for higher ratings.	A Obligations rated A are considered upper-medium grade and are subject to low credit risk.	A An obligator rated 'A' has strong capacity to meet its financial commitments but is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligators in higher rated categories.
BBB Good credit quality. 'BBB' ratings indicate that there are currently expectations of low credit risk. The capacity for payment of financial commitments is considered adequate but adverse changes in circumstances and economic conditions are more likely to impair this capacity. This is the lowest investment grade category.	Baa Obligations rated Baa are subject to moderate credit risk. They are considered medium-grade and as such may possess certain speculative characteristics.	BBB An obligator rated 'BBB' has adequate capacity to meets its financial commitments. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligator to meet its financial commitments.

Arlingclose Economic & Interest Rate Forecast November 2016

Underlying assumptions:

- The medium term outlook for the UK economy is dominated by the negotiations to leave the EU. The long-term position of the UK economy will be largely dependent on the agreements the government is able to secure with the EU and other countries.
- The global environment is also riddled with uncertainty, with repercussions for financial market volatility and long-term interest rates. Donald Trump's victory in the US general election and Brexit are symptomatic of the popular disaffection with globalisation trends. The potential rise in protectionism could dampen global growth prospects and therefore inflation. Financial market volatility will remain the norm for some time.
- However, following significant global fiscal and monetary stimulus, the short term outlook for the global economy is somewhat brighter than earlier in the year. US fiscal stimulus is also a possibility following Trump's victory.
- Recent data present a more positive picture for the post-Referendum UK economy than predicted due to continued strong household spending.
- Over the medium term, economic and political uncertainty will likely dampen investment intentions and tighten credit availability, prompting lower activity levels and potentially a rise in unemployment.
- The currency-led rise in CPI inflation (currently 1% year/year) will continue, breaching the target in 2017, which will act to slow real growth in household spending due to a sharp decline in real wage growth.
- The depreciation in sterling will, however, assist the economy to rebalance away from spending. The negative contribution from net trade to GDP growth is likely to diminish, largely due to weaker domestic demand. Export volumes will increase marginally.
- Given the pressure on household spending and business investment, the rise in inflation is highly unlikely to prompt monetary tightening by the Bank of England, with policymakers looking through import-led CPI spikes to the negative effects on Brexit on economic activity and, ultimately, inflation.
- Bank of England policymakers have, however, highlighted that excessive levels of inflation will not be tolerated for sustained periods. Given this view and the current inflation outlook, further monetary loosening looks less likely.

Forecast:

- Globally, the outlook is uncertain and risks remain weighted to the downside. The UK domestic outlook is uncertain, but likely to be weaker in the short term than previously expected.
- The likely path for Bank Rate is weighted to the downside. The Arlingclose central case is for Bank Rate to remain at 0.25% but there is a 25% possibility of a drop to close to zero, with a very small chance of a reduction below zero.
- Gilt yields have risen sharply, but remain at low levels. The Arlingclose central case is for yields to decline when the government triggers Article 50.

	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Average
Official Bank Rate														
Upside risk	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.25	0.25	0.25	0.25	0.25	0.25	0.12
Arlingclose Central Case	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
Downside risk	-0.25	-0.25	-0.25	-0.25	-0.25	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.40
3-month LIBID rate														
Upside risk	0.05	0.05	0.10	0.10	0.10	0.15	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.18
Arlingclose Central Case	0.25	0.25	0.25	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.29
Downside risk	-0.20	-0.25	-0.25	-0.25	-0.30	-0.40	-0.40	-0.40	-0.40	-0.40	-0.40	-0.40	-0.40	-0.34
1-yr LIBID rate														
Upside risk	0.10	0.10	0.15	0.15	0.15	0.20	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.23
Arlingclose Central Case	0.60	0.50	0.50	0.50	0.50	0.50	0.50	0.60	0.70	0.85	0.90	0.90	0.90	0.65
Downside risk	-0.10	-0.15	-0.15	-0.15	-0.20	-0.30	-0.30	-0.30	-0.30	-0.30	-0.30	-0.30	-0.30	-0.24
5-yr gilt yield														
Upside risk	0.25	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.39
Arlingclose Central Case	0.50	0.40	0.35	0.35	0.35	0.40	0.40	0.40	0.45	0.50	0.55	0.60	0.65	0.45
Downside risk	-0.30	-0.45	-0.45	-0.45	-0.45	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.47
10-yr gilt yield														
Upside risk	0.30	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.39
Arlingclose Central Case	1.15	0.95	0.85	0.85	0.85	0.85	0.85	0.90	0.95	1.00	1.05	1.10	1.15	0.96
Downside risk	-0.30	-0.45	-0.45	-0.45	-0.45	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.47
20-yr gilt yield														
Upside risk	0.25	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.39
Arlingclose Central Case	1.70	1.50	1.40	1.40	1.40	1.40	1.40	1.45	1.50	1.55	1.60	1.65	1.70	1.75
Downside risk	-0.40	-0.55	-0.55	-0.55	-0.55	-0.60	-0.60	-0.60	-0.60	-0.60	-0.60	-0.60	-0.60	-0.57
50-yr gilt yield														
Upside risk	0.25	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.39
Arlingclose Central Case	1.60	1.40	1.30	1.30	1.30	1.30	1.30	1.35	1.40	1.45	1.50	1.55	1.60	1.41
Downside risk	-0.40	-0.55	-0.55	-0.55	-0.55	-0.60	-0.60	-0.60	-0.60	-0.60	-0.60	-0.60	-0.60	-0.57

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Corporate Governance and Standards Committee Report

Ward(s) affected: All

Report of Director of Resources

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Date: 12 January 2017

Financial Monitoring 2016-17

Executive Summary

The report summarises the projected outturn position for the Council's general fund revenue account, based on actual and accrued data for the period April – November 2016.

At the end of November 2016, officers are projecting a reduction in net expenditure on the general fund revenue account of £2.23 million. This is the result of a combination of factors, which include a reduction in employee expenditure across all services, an increase in planning fees, higher than budgeted income from parking activities and additional rental income arising from the asset investment strategy. The Council has also received higher than budgeted interest receipts from its investments.

A surplus on the Housing Revenue Account, due to lower staffing and repairs and maintenance costs will enable a projected transfer of £11.84 million to the new build reserve and reserve for future capital at year-end.

Officers are making progress against significant capital projects on the approved programme as outlined in section 7. The Council expects to spend £54.91 million on its capital schemes by the end of the financial year.

The Council's underlying need to borrow to finance the capital programme is expected to be £44.69 million by 31st March 2017, against an estimated position of £88.98 million.

The Council held £131.3 million of investments and £231.2 million of external borrowing at 30 November 2016, which includes £194 million of Housing Revenue Account loans. Officers confirm that the Council has complied with its Prudential indicators in the period, which were set in February 2016 as part of the Council's Treasury Management Strategy, with the exception of the upper limit on variable interest rates. This is because we have more variable rate debt than investments due to using more fixed deposits than variable rate investments.

Recommendation to Corporate Governance and Standards Committee

That the Committee notes the results of the Council's financial monitoring for the period April 2016 to November 2016 and makes any comments it feels appropriate.

Reason(s) for Recommendation:

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

1. Purpose of Report

- 1.1 Recommendation 8 of the 2015 Council Governance Review was: 'That the importance of the Corporate Governance and Standards Committee to the Council be recognised, particularly in the way in which it supports the overview and scrutiny function through ongoing scrutiny of financial matters, including its proposed expanded remit on the treasury management function and budget monitoring'.
- 1.2 This Committee started its enhanced review of our financial management at its meeting on 24 September 2015. This report covers the period April to November 2016.

2. Strategic Priorities

- 2.1 Councillors have reviewed and adopted an ambitious corporate plan for the period 2015-2020. The plan includes many significant projects and aspirations that will challenge us financially. Monitoring of our financial position during the course of the financial year is a critical part of our management of resources that will ultimately support delivery of the corporate plan.

3 Background

- 3.1 The Council regularly undertakes financial monitoring in a number of ways:
 - (a) two types of general fund revenue budget monitoring report; a full monitor for periods 3, 6, 8 and 10 and a shorter monitor for the other periods (except April) covering key service areas (Industrial Estates, Investment Property, Development Control, Major Projects, Planning Policy, Off Street Parking, Refuse and Recycling, Parks and Countryside). This report covers the period to November 2016 (period 8) and covers all Council services.
 - (b) quarterly monitoring of the capital programme
 - (c) monthly and quarterly monitoring of its treasury management activity
 - (d) monitoring at periods 3,6,8 and 10 of the Housing Revenue Account
- 3.2 The reports are presented to the Council's officer Corporate Management Team (CMT), Chief Finance Officer and deputies, and officer capital programme monitoring group. Councillors receive the key service area monitoring reports by e-mail. Financial monitoring for all services is reported to the Council's Corporate Governance and Standards Committee on a regular basis.

- 3.3 This report sets out the financial monitoring and covers:
- (a) general fund revenue monitoring (section 4)
 - (b) housing revenue account monitoring (section 5)
 - (c) treasury management (section 6)
 - (d) capital programmes (section 7)

4 General Fund Revenue Account monitoring

- 4.1 **Appendix 1** shows the summary monitoring report for the general fund revenue account based on the period April to November 2016. Officers have prepared the projected outturn on a combination of eight months actual and accrued data.
- 4.2 **Appendix 2** shows detailed information for each service split between direct expenditure and income and indirect costs. We monitor the projected outturn against the revised (or latest) budget as this takes into account any virements or supplementary estimates approved since the original budget was set in February 2016.
- 4.3 At total service unit level the projected outturn is £1.66 million lower than the latest estimate. There are items within the contributions to reserves that reverse figures within the service units. When these adjustments are taken into account, the projected outturn is £2.14 million lower than the latest estimate.
- 4.4 Net external interest receivable is £568,837 higher than estimate. The major reason for the additional projected interest is the level of balances being higher than anticipated plus better returns than estimated on external funds.
- 4.5 The Minimum Revenue Provision (MRP), based on the Capital Financing Requirement (CFR) at 31 March 2016 is £354,461. This is £260,789 lower than estimated. The reduction is due to slippage in the capital programme experienced during 2015-16.
- 4.6 The overall projected position for net expenditure is £2.23 million lower than estimate.
- 4.7 The table below shows the supplementary estimates and virements approved to date.

Supplementary Estimates 2016-17

Service/Description	Approval Date	Committee	Value
Shooting Star Chase	27 September 2016	Executive	£25,000
TOTAL			£25,000

Virement Record 2016-17

Service/Description	Approved by	Date of Approval	Value
Mayor's theme	Claire Morris	26 May 2016	£20,000
Housing Benefit audit fee	Claire Morris	15 June 2016	£11,000
Major Projects GOTCHA study (transport modelling)	Claire Morris	21 July 2016	£28,000
Transfer of Info. Rights budget from Resources to Corporate Directorate	Claire Morris	28 July 2016	£56,150
Annual valuation fees	Claire Morris/Steve White	26 October 2016	£40,000
Legal Services	Managing Director in consultation with Lead Councillors	10 November 2016	£185,000
TOTAL			£340,150

- 4.8 Unlike the old formula grant system, not all of the income and payments relating to the Business Rates Retention Scheme are fixed. The tariff and retained income figures do not change from the budgeted amount, but the levy and s31 grant income do. In 2016-17 we are in a Business Rates Pool for the first time. We pay 50% of the levy that we would otherwise have had to pay to the government (50% of the estimated retained income above our baseline funding level) to the Pool. Within the budget, we have assumed that we will transfer the other 50% of the levy, which we have saved by being in the Pool, to the Invest to Save Reserve, and that we will transfer the remaining 50% of the estimated income from business rates above our government set baseline funding level to the Business Rates equalisation reserve. In order to maintain the net effect of the BRRS on the General Fund we have adjusted this contribution as set out below:

	2016-17 Estimate (£)	2016-17 Projection (£)	Variance (£)
BRRS – tariff	28,293,585	28,293,585	0
BRRS – payment to pool re levy	573,021	578,109	5,088
Contn to Invest to Save Reserve	573,021	578,109	5,088
Contn to BRRS equalisation reserve	1,146,042	1,226,426	80,384
	30,585,669	30,676,229	90,560
BRRS – s31 grant	(445,826)	(536,386)	(90,560)
BRRS – retained income	(33,119,866)	(33,119,866)	0
BRRS – net position	(2,980,023)	(2,980,023)	0

- 4.9 The table above shows an increase in our payment to the pool and contribution to the Invest to Save Reserve, because we think that business rate income will be higher than originally estimated, and an increase in s31 grant income, which is related to certain rate reliefs that we have granted. In order to maintain the overall impact on the general fund, we have reduced the contribution to the business rates equalisation reserve.

Major Service Variances

- 4.10 **Appendix 2** gives reasons for variances at a service level that are above £20,000. There are some services with projected larger variances in total net expenditure and these are summarised in the table below. The table below includes only items that have an impact on the bottom line and excludes additional spend financed from a reserve, an approved carry forward or items financed by savings elsewhere in the budget.

	Higher net cost (£000)	Lower net cost (£000)
Community Services		
Emergency Communications Systems (grant not assumed)		(63)
EMI Services (loss of grant support)	79	
Community Meals and Transport (restructure savings/grant support)		(48)
Private Sector Housing (vacant posts)		(44)
Corporate Services		
Corporate Services (procurement advice and legal expenses)	112	
Electoral Registration (grant support)		(42)
Legal Services		(53)
Development Directorate		
Industrial Estates (acquisition and rent reviews)		(52)
Building Control (agency costs/income)	30	
Investment Property – target exceeded		(333)
Planning Policy (salaries and consultants, and grant support)		(223)
Environmental Directorate		
On-Off Street Parking (additional income, maintenance deferral)		(544)
Crematorium (employee related saving pending restructure)		(95)
Guildford House/Guildhall (re-profiling of roofing work)		(77)
Street Cleansing (vacancies net of agency costs, contractor costs)		(89)
Roads and Footpaths Maintenance (repairs and engineer charges)	49	
Parks and Countryside (staffing restructure, repair and maintenance, change in contract arrangements)		(100)
Resources Directorate		
ICT (vacancies, staff restructure)		(102)
Paymaster service (pending restructure)	51	
Climate Change Team (vacant post)		(53)

	Higher net cost (£000)	Lower net cost (£000)
Managing Director		
Audit, Performance and Transformation services (vacant posts)		(246)

5 Housing Revenue Account

5.1 **Appendix 3** shows the budget monitoring report for the Housing Revenue Account (HRA) for the period April 2016 to November 2016. The report shows that HRA gross service expenditure is projected to outturn at 97.7% of the budgeted level, whilst income is projected to be 100.1% of the budgeted level. The projected outturn would enable a transfer of around £11.84 million to the new build reserve and the reserve for future capital. The principal variations are:

- The rental income estimate for 2016-17 reflected a cautious view around Right to Buy (RTB) sales and re-commissioning of units. However, it is currently projected that rental income will be £75,000 higher than budgeted.
- It is projected that employee related expenditure; net of temporary staffing, vacancy credit and redundancy costs will result in a saving against budget of £261,000.
- Focus remains on carrying out planned rather than responsive maintenance, facilitated by the benefits accruing from past levels of expenditure on planned capital and revenue maintenance works. Historically a lower than budgeted level of repair and maintenance expenditure has resulted. We are currently projecting a saving of around 2.4%.
- In accordance with the last published business plan, with the exception of receipts from RTB sales the estimates for the year do not provide for any repayment of HRA debt principal or for setting aside any amounts towards the repayment of debt. The priority in the early years of the business plan was the provision of additional housing. However, this will be subject of a review and an updated business plan will be submitted reflecting constraints placed on the HRA by changes in the Housing and Planning, and Welfare Reform and Work Acts.

5.2 Tenancy arrears remain stable and are consistent with the assumptions contained in the business plan. Particular attention is paid to introductory tenancies (tenants of less than 12 months), as they often have no previous experience of managing a household budget or of renting a property. The Money Advisor continues to focus on applicants and new tenants to help them manage their money more effectively, in addition to providing support for tenants moving to Universal Credit.

6 Treasury Management

6.1 The Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management ("the Code") recommends that Councillors are informed of treasury management activities at least twice a year. This report

therefore ensures the Council is embracing best practice in accordance with CIPFA's recommendations by reporting quarterly to Councillors.

Debt management

- 6.2 We have a substantial long-term PWLB debt portfolio for the HRA totalling £194 million, and a small amount for the General Fund. During the year so far, due to lower than anticipated expenditure on the capital programme (as outlined in section 7), the Council as a whole is currently only borrowing short-term for cash flow purposes. There is no cost of carry on our short-term borrowing.
- 6.3 The following table summarises the current borrowing position of the Council and the activity to period 8.

Loan type	Balance 01 April 16 £000	New loans £000	Loans repaid £000	Balance 30 Nov 16 £000	Weighted average rate of
PWLB					3.09%
Variable	45,000	0	0	45,000	
Fixed					
Maturity	147,435	0	0	147,435	
EIP	1,150	0	(115)	1,035	
Local authorities	10,000	0	0	10,000	1.35%
Total long-term Loans	203,585	0	(115)	203,470	
Temporary Loans	34,500	54,300	(61,000)	27,800	0.47%
Total Loans	238,085	54,300	(61,115)	231,270	

Investment activity

- 6.4 During the period, we have continued with the diversification of our in-house investment portfolio into more secure instruments such as bonds and secure bank deposits (not subject to bail-in) in line with our Treasury Management Strategy.
- 6.5 The Council's budgeted investment income for 2016-17 was £1.23 million, the projected outturn is £1.78 million. The gross cash balances representing the Council's reserves and working balances at 30 November 2016 available for investment were £131.3 million and net of short-term borrowing £103.5 million.
- 6.6 The Council's budgeted external interest cost, which relates to short and long-term borrowing, for the year is £5.41 million and the outturn is projected to be £5.30 million.
- 6.7 Net interest receivable was budgeted at £929,000 and is projected to be £1.49 million because of higher than anticipated cash balances.
- 6.8 The UK bank rate has been 0.50% since March 2009. However, The Bank of England reduced the bank rate in August to 0.25%. This reduction has been built into the projections, but there is still some uncertainty in the markets. The Council's annualised weighted return on investments for the period to November 2016 was 1.225% against an estimate of 1.453%.

6.9 Investment income is projected to be higher, despite the cut in the base rate, because of higher cash balances, and due to locking into some investments before the base rate cut.

6.10 The table below summarises the Council's investment activity for April to November 2016.

Investment portfolio

Investment	Balance 01 April 16 £000	New investments £000	Investments matured £000	Change in capital value £000	Balance 30 Nov 16 £000	Weighted average rate of interest
<u>Investment Funds</u>						
Payden & Rygel	5,000	0	0	22	5,022	0.41%
CCLA	6,553	0	0	(311)	6,243	4.66%
Aberdeen (SWIP)	1,798	0	0	27	1,824	0.59%
M&G	2,026	0	0	420	2,446	2.80%
Schroders	824	0	0	64	887	5.83%
Funding Circle	653	300	0	28	981	5.29%
UBS	2,349	0	0	(4)	2,345	2.82%
City Financial	2,335	0	0	67	2,402	2.70%
<u>In- House Investments:</u>						
Call Accounts	3,053	27,174	(26,381)	0	3,846	0.46%
Money Market Funds	9,740	183,435	(186,082)	0	7,093	0.45%
Notice Accounts	22,000	0	(9,000)	0	13,000	0.63%
Temporary Fixed Deposits	47,000	21,000	(42,000)	0	26,000	0.87%
Certificates of Deposit	9,000	2,000	(9,000)	0	2,000	0.87%
Unsecured bonds	6,016	16,829	(10,370)	0	12,475	0.99%
Long Term Covered Bonds	16,936	12,350	(3,550)	0	25,736	0.93%
Long Term Fixed Deposits	9,500	7,000	0	0	16,500	1.46%
Revolving Credit Facility	0	2,500	0	0	2,500	2.46%
Total Investments	144,782	272,589	(286,383)	313	131,301	

6.11 Some of our externally managed funds have seen a fall in their capital values in the year. The falls are indicative of wider financial market movements. The Council's external investments are held for long-term purposes and are invested to generate an income for the Council over the longer term. Any loss in investment value will not be realised unless the investment is sold and the Council has an earmarked reserve available to utilise in the event of a loss, thus minimising the impact on the general fund. Officers would not normally sell external investments at a loss unless there were very exceptional circumstances. It is anticipated that the value of the external investments will increase in line with the market in the medium term and will generate a positive return for the Council when eventually sold.

6.12 The reduction in the capital value of the CCLA property fund is a direct consequence of the result of the EU Referendum. The fund applied a percentage reduction to allow for any potential reduction in the next valuation.

Prudential Indicators

- 6.13 Officers confirm that the Council has complied with its Prudential indicators in the period, which were set in February 2016 as part of the Council’s Treasury Management Strategy Statement, with the exception of the upper limit on variable interest rates (explained below).

Authorised limit and Operational Boundary for External Debt

- 6.14 The Local Government Act 2003 requires the Council to set an Affordable Borrowing Limit, irrespective of their indebted status. This is a statutory limit, which we should not breach.
- 6.15 The Council’s authorised borrowing limit was set at £406 million for 2016-17.
- 6.16 The Operational Boundary is based on the same estimates as the Authorised Limit but reflects the most likely, prudent but not worst case scenario without the additional headroom included in the Authorised Limit.
- 6.17 The operational boundary was set at £372 million for 2016-17.
- 6.18 The Chief Financial Officer confirms that there have been no breaches to the authorised limit and operational boundary during the year. Borrowing, at its peak, was £248 million.

Upper limits for fixed interest rate exposure and variable interest rate exposure

- 6.19 These indicators allow the Council to manage the extent to which it is exposed to changes in interest rates for both borrowing and investments. They are targets rather than absolute limits.
- 6.20 The upper limit for variable rate exposure allows for the use of variable rate debt to offset exposure to changes in short-term rates on our portfolio of investments.
- 6.21 The limit allows for 100% of total debt and total investments to be at a fixed rate, and a smaller percentage to be at a variable rate to minimise the potential volatility of interest rate risk.

	2016-17 approved (£000)	2016-17 actual to date (£000)
Net debt		
Upper limit on fixed interest rates	198,650	122,425
Upper limit on variable interest rates	(25,870)	(29,490)

- 6.22 We have more variable rate debt than investments because we have been using more fixed deposits than variable rate investments.

Maturity structure of fixed rate borrowing

- 6.23 This indicator is designed to limit large concentrations of fixed rate debt maturing at times of uncertainty over interest rates.

Time period	Limit	Actual	Variance
Under 12 months	20%	15%	-5%
1 to 2 years	20%	0%	-20%
3 to 5 years	25%	6%	-19%
6-10 years	50%	5%	-45%
11 years and above	100%	74%	-26%

- 6.24 The table shows the split of the principal repayments of the fixed rate loans of the Council.

Total principal sums invested for periods longer than 364 days

- 6.25 This indicator allows the Council to manage risk inherent in investments longer than 364 days. The 2016-17 limit was set at £50 million and we had £40 million of longer-term investments, of which £23.7 million was in covered bonds.

7 Capital Programmes

- 7.1 **Appendices 5 to 10** of this report set out the following for each scheme on the Council's capital programme

- the gross estimate for the scheme approved by the Executive
- the cumulative expenditure to 31 March 2016 for each scheme
- the estimate for 2016-17 as approved by Council in February 2016
- the 2016-17 revised estimate which takes into account the approved estimate, any project under spends up to 31 March 2016, and any virements or supplementary estimates
- 2016-17 current expenditure
- 2016-17 projected expenditure estimated by the project officer

- 7.2 Officers have provided details of changes to the programme below.

Approved programme (Appendix 4)

- 7.3 Expenditure is expected to be £43.97 million in 2016-17 representing a £11.96 million variance to the revised estimate of £55.93 million. If a project is on the approved programme, it is an indicator that the project has started or is near to starting. Whilst actual expenditure for the period of £29.35 million may seem low, a number of significant projects are in progress. These include:

- ED31 – property acquisition (£1.2 million). Deposit has been paid, awaiting completion later in the year
- ED30 - Home Farm, provision of traveller pitches (£1 million) - work is progressing on this scheme
- ED25 – Guildford Park infrastructure works (£6.5 million) - this scheme received planning consent in November 2016

- ED16 – Slyfield Area regeneration project (£1 million) - work is progressing on this scheme
- FS1 – capital contingency fund – there is £3.6 million remaining in the fund
- P5 – Walnut bridge £2.6 million – work is progressing on this scheme
- P9c – Bedford Wharf £14.1 million – money was transferred to the approved programme for the progression of this scheme which has not happened as quickly as anticipated, the scheme has been rolled forward into 2017-18
- P9c – Bedford Wharf £3.53 million – this money was transferred to the approved programme for the acquisition of the site known as ‘The Quadrant’, the Council’s bid for this property has been rejected, as part of the 2017-18 capital programme this budget will be removed

Provisional programme (Appendix 5)

- 7.4 Expenditure on the provisional programme is expected to be £3.4 million, against the revised estimate of £57.28 million. These projects will need to be transferred to the approved capital programme before the capital works can start and therefore monitoring progress of these projects is key to identify project timescales. The significant projects are:

- | | |
|-------------------------------------|--------------|
| • PL16 (p) - Burial Grounds | £1.7 million |
| • ED32(p) - Clay Lane Link Road | £1.0 million |
| • ED25(p) - Guildford Park Car Park | £4.8 million |

A number of projects have been reprofiled into future years including North Street development £21 million, Clay lane link road £9.3 million, Guildford Riverside Route ph 2&3 £2.4 million and Transport schemes via Local Growth Fund £4 million.

S106 (Appendix 6)

- 7.5 Capital schemes funded from s106 developer contributions is expected to total £697,000.

Reserves (Appendix 7)

- 7.6 Capital schemes funded from the Council’s specific reserves. The outturn is anticipated to be £3.21 million. The main projects are:

- expenditure on car parks £833,000
- ICT renewals £891,000

Capital resources (Appendix 8)

- 7.7 When the Council approved the budget, the estimated underlying need to borrow for 2016-17 was £88.98 million. The current estimated underlying need to borrow is £44.69 million. The reduction is due to slippage in the programme where schemes are being rolled forward into 2017-18.

General Fund housing programme (Appendix 9)

- 7.8 Expenditure for the year is projected to be £3.62 million which is higher than budgeted due to higher expenditure on the Corporation Club.

Housing Investment Programme capital (Appendix 10)

- 7.9 The HRA approved capital programme is expected to be £11.53 million against an estimate of £13.76 million. The difference being an increase to the estimated costs of the Corporation Club.
- 7.10 The provisional programme's budget was £9.695 million with £100,000 expected spend in the year.

8 Consultations

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

9 Equality and Diversity Implications

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

10 Financial Implications

- 10.1 The financial implications are contained throughout the report.

11 Legal Implications

- 11.1 The Local Government Act 1972, Section 151 states that each local authority has a statutory duty to make arrangements for the proper administration of their financial affairs. In addition, the Accounts and Audit Regulations 2015 impose an explicit duty on the Council to ensure that financial management is adequate and effective and that they have a sound system of internal control, including arrangements for the management of risk.
- 11.2 Proper administration is not statutorily defined; however, there is guidance, issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) on the responsibilities of the Chief Finance Officer (CFO). This states that local authorities have a corporate responsibility to operate within available resources and the CFO should support the effective governance of the authority through development of corporate governance arrangements, risk management and reporting framework. Regular monitoring of the Council's actual expenditure to budget and forecasting of the expenditure for the full year is part of the proper administration and governance of the Council.
- 11.3 There are no further direct legal implications because of this report.

12 Human Resource Implications

12.1 There are no human resource implications because of this report.

13 Summary of Options

13.1 This report explains the position after ten months of the financial year. There are no specific recommendations and therefore no options to consider.

13 Conclusion

13.1 The report summarises the financial monitoring position for the period April to November for the 2016-17 financial year.

13.2 At the end of November, officers were projecting a reduction in net expenditure of £2.23 million on the general fund revenue account. The main reasons for this are set out in the table in paragraph 4.10

13.3 The Executive will decide the treatment of any balance when it considers a report on the 2016-17 final accounts in June 2017.

13.4 A surplus on the Housing Revenue Account, due to lower staffing and repairs and maintenance costs will enable a transfer of £11.84 million to the new build reserve/reserve for future capital at year-end.

13.5 Actual expenditure incurred on our general fund capital programme for the period has been comparatively low against the programme envisaged at the 1 April 2016. Officers are making progress against significant capital projects on the approved programme as outlined in section 7. The Council expects to spend £54.89 million on its capital schemes by the end of the financial year.

13.6 It is anticipated that the Council's underlying need to borrow to finance the capital programme will be £44.69 million by 31 March 2017. The Council has complied with Prudential Indicators during the period with the exception of the upper limit on variable interest rates.

13.7 At the end of November 2016, the Council had £131.3 million of current investment balances.

14 Background Papers

None

15 Appendices

- Appendix 1 - General fund revenue account summary
- Appendix 2 - General fund services - revenue detail
- Appendix 3 - Housing Revenue Account summary
- Appendix 4 - Approved capital programme
- Appendix 5 - Provisional capital programme

Agenda item number: 5

- Appendix 6 - Schemes funded from S106
- Appendix 7 - Capital reserves
- Appendix 8 - Capital resources
- Appendix 9 - General Fund housing programme
- Appendix 10 - Housing Revenue Account capital programme

Actual 2015-16 £	GENERAL FUND SUMMARY	Original Estimate 2016-17 £	Latest Estimate 2016-17 £	Projection 2016-17 £
	Directorates - Net Expenditure			
6,289,103	Community Services	6,009,050	6,184,676	6,251,146
3,776,299	Corporate	3,626,980	3,984,236	4,118,519
(1,360,842)	Development	(26,360)	303,800	(37,723)
8,259,665	Environment	9,585,970	9,725,502	8,402,851
15,621	Managing Director	116,230	146,505	(99,878)
1,913,993	Resources	3,955,260	3,921,899	3,964,358
18,893,839	Total Directorate Level	23,267,130	24,266,618	22,599,273
(6,981,480)	Depreciation (contra to Service Unit Budgets)	(9,773,260)	(9,773,260)	(9,773,260)
11,912,359	Directorate Level excluding depreciation	13,493,870	14,493,358	12,826,013
(1,437,185)	External interest receivable (net)	(928,710)	(928,710)	(1,497,547)
294,546	Minimum Revenue Provision	615,250	615,250	354,461
(27,224)	Revenue income from sale of assets	0	0	
	Revenue Contributions to Capital Outlay (RCCO)			
1,915,242	Met from: Capital Schemes reserve	0	0	0
950,063	Other reserves	2,484,000	2,484,000	2,484,000
113,428	General Fund	0	0	0
13,721,229	Total before transfers to and from reserves	15,664,410	16,663,898	14,166,927
	Transfers to and from reserves			
	Capital Schemes reserve			
(1,915,242)	Funding of Revenue Contribution to Capital Outlay	0	0	0
457,715	Contribution in year	0	0	0
428,000	Budget Pressures reserve	(50,000)	(75,000)	(131,500)
2,665,474	Business Rates Equalisation reserve	(1,325,242)	(1,325,242)	(1,244,858)
533,313	Car Park Maintenance reserve	(204,540)	(204,540)	(54,540)
(102,963)	Election Costs reserve	32,500	32,500	32,500
(84,097)	Energy Management Schemes reserve	(292,420)	(292,420)	(292,420)
332,979	Housing Revenue Account	476,100	476,100	386,175
(46,922)	Insurance reserve	16,860	16,860	41,556
204,578	IT Renewals reserve	(267,870)	(267,870)	(267,870)
150,612	Invest to Save reserve	799,022	799,022	824,653
0	Local Authority Business Growth Incentive reserve	(191,000)	(191,000)	(191,000)
778,815	New Homes Bonus reserve	1,361,505	1,361,505	1,361,505
46,164	Civil Parking Enforcement	(22,240)	(22,240)	(85,902)
(722,450)	Pensions Reserve (Statutory)	0	0	0
0	Recycling reserve	0	0	(308,390)
171,880	Spectrum reserve	(68,540)	(68,540)	(68,540)
1,190,077	Other reserves	(352,180)	(1,326,668)	(736,356)
17,809,162	Total after transfers to and from reserves	15,576,365	15,576,365	13,431,940
	Business Rates Retention Scheme payments			
28,059,754	Business Rates tariff payment	28,293,585	28,293,585	28,293,585
112,337	Business Rates levy payment	0	0	0
0	Business Rates - payment to pool re levy	573,022	573,022	578,109
	Non specific government grants			
(694,054)	s31 grant re BRR scheme	(445,827)	(445,827)	(536,386)
(14,213)	s31 grant re council tax	0	0	0
0	Transition grant	(102,174)	(102,174)	(102,174)
(1,779,365)	New Homes Bonus grant	(2,362,055)	(2,362,055)	(2,362,055)
43,493,621	GUILDFORD BOROUGH COUNCIL NET BUDGET	41,532,916	41,532,916	39,303,019
1,406,405	Parish Council Precepts	1,469,802	1,469,802	1,469,802
44,900,026	TOTAL NET BUDGET	43,002,718	43,002,718	40,772,821
(32,066,981)	Business Rates - retained income	(33,119,866)	(33,119,866)	(33,119,866)
(2,079,187)	Revenue support grant	(1,096,749)	(1,096,749)	(1,096,749)
(766,888)	Collection Fund Deficit - Business Rates	1,512,784	1,512,784	1,512,784
(256,915)	Collection Fund Surplus - Council Tax	(120,698)	(120,698)	(120,698)
9,730,055	COUNCIL TAX REQUIREMENT	10,178,189	10,178,189	7,948,292

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COMMUNITY SERVICES

	Revised Budget 2016-2017	Projected Outturn 2016-2017	Variance
SERVICE SUMMARY			
Direct Expenditure	10,700,176	11,236,467	536,291
Income	(6,430,150)	(6,899,389)	(469,239)
Total Directly Controllable (Income)/Expenditure	4,270,026	4,337,078	67,052
Indirect Expenditure	1,914,650	1,914,068	(582)
Net (Income)/Expenditure	6,184,676	6,251,146	66,470

BUILDING MAINTENANCE

Direct Expenditure	2,799,550	3,285,350	485,800	Variation in the level of work undertaken, recharged to the Housing Revenue Account.
Income	(2,877,720)	(3,353,138)	(475,418)	
Total Directly Controllable (Income)/Expenditure	(78,170)	(67,788)	10,382	
Indirect Expenditure	78,000	78,040	40	
Net (Income)/Expenditure	(170)	10,252	10,422	

GYPSY CARAVAN SITES

Direct Expenditure	166,650	143,257	(23,393)
Income	(182,120)	(162,554)	19,566
Total Directly Controllable (Income)/Expenditure	(15,470)	(19,297)	(3,827)
Indirect Expenditure	13,470	13,246	(224)
Net (Income)/Expenditure	(2,000)	(6,051)	(4,051)

CITIZENS ADVICE BUREAU

Direct Expenditure	283,150	283,415	265
Total Directly Controllable (Income)/Expenditure	283,150	283,415	265
Indirect Expenditure	500	500	0
Net (Income)/Expenditure	283,650	283,915	265

CIVIL EMERGENCIES

Direct Expenditure	43,590	63,025	19,435	An increase in the number of employees rota-d to undertake Emergency Planning Duties will result in an additional cost of £6,000. The projection includes additional expenditure relating to the Applied Resilience programme which will result in a cost of £13,500, this will be funded from reserves.
Total Directly Controllable (Income)/Expenditure	43,590	63,025	19,435	
Indirect Expenditure	5,420	5,428	8	
Net (Income)/Expenditure	49,010	68,453	19,443	

COMMUNITY SERVICES

Revised Budget Projected Outturn
2016-2017 2016-2017

Variance

Appendix 2

COMMUNITY SERVICES

Direct Expenditure	180,000	226,032	46,032	Surrey County Council has funded the Prevention Partnership fund since 2013. It was anticipated that funding would be received for 2016-17 as no indication was given that the funding would be reduced. However, notification was received after the budget was set that funding would be reduced by £67,000 in 2016-17 and would be withdrawn from 2017-18. The overspend arising from the reduced funding will be met from the Prevention Partnership reserve.
Income	(180,000)	(128,750)	51,250	
Total Directly Controllable (Income)/Expenditure	0	97,282	97,282	
Indirect Expenditure	1,010	1,010	0	
Net (Income)/Expenditure	1,010	98,292	97,282	

DAY SERVICES

Direct Expenditure	686,450	704,055	17,605	Service changes and unmet vacancy credit, have resulted in an overspend of £16,000.
Income	(249,780)	(223,612)	26,168	The income estimate for 2016-17 included £10,500 of rental income from Crossways Surrey who have vacated Park Barn. The space is currently being used by the Community Warden service and a number of voluntary groups without a charge being levied.
Total Directly Controllable (Income)/Expenditure	436,670	480,443	43,773	
Indirect Expenditure	161,320	162,348	1,028	
Net (Income)/Expenditure	597,990	642,791	44,801	

EMERGENCY COMMUNICATIONS SYSTEM

Direct Expenditure	246,510	254,302	7,792	The additional expenditure relating to new and replacement equipment and repairs for the Careline service is covered by income received.
Income	(369,200)	(440,212)	(71,012)	Income for Supporting People Community Alarms £46,000 received from Surrey County Council was not included in the 2016-17 budget process as receipt had not been confirmed.
Total Directly Controllable (Income)/Expenditure	(122,690)	(185,910)	(63,220)	
Indirect Expenditure	56,610	56,634	24	
Net (Income)/Expenditure	(66,080)	(129,276)	(63,196)	

COMMUNITY SERVICES**EMI SERVICES**

	Revised Budget 2016-2017	Projected Outturn 2016-2017	Variance	
Direct Expenditure	144,769	167,699	22,930	A Care Officer funded from grant, has been recruited. Whilst the grant was included in the income estimate, the costs associated with the post were omitted. This has been corrected in the 2017-18 estimates.
Income	(200,030)	(143,769)	56,261	A grant for the Meadows Community Centre of £24,500 and the EMI unit of £34,700 was included for 2016-17. The Council received notification in June that we would not receive this funding.
Total Directly Controllable (Income)/Expenditure	(55,261)	23,930	79,191	
Indirect Expenditure	13,100	13,124	24	
Net (Income)/Expenditure	(42,161)	37,054	79,215	

ENVIRONMENTAL CONTROL

Direct Expenditure	403,390	413,389	9,999	Service review has resulted in a saving of £22,000. Additional expenditure for Welfare Funerals £25,000, is offset by funds recovered from the deceased estate.
Income	(25,610)	(38,692)	(13,082)	Income recovered from deceased estates to cover the cost of the Welfare Funeral.
Total Directly Controllable (Income)/Expenditure	377,780	374,697	(3,083)	
Indirect Expenditure	61,660	61,716	56	
Net (Income)/Expenditure	439,440	436,413	(3,027)	

PROJECT ASPIRE

Direct Expenditure	0	37,454	37,454	Expenditure relating to Project Aspire will be funded from reserve (as per report to Executive November 2015)
Total Directly Controllable (Income)/Expenditure	0	37,454	37,454	
Net (Income)/Expenditure	0	37,454	37,454	

SURREY FAMILY SUPPORT PROGRAMME

Direct Expenditure	304,400	337,552	33,152	
Income	(204,780)	(255,526)	(50,746)	The profile of grant support over the period of the programme is different to the assumptions contained in the budget, the balance of funding will be transferred to reserve at year-end.
Total Directly Controllable (Income)/Expenditure	99,620	82,026	(17,594)	
Indirect Expenditure	50,580	50,628	48	
Net (Income)/Expenditure	150,200	132,654	(17,546)	

Appendix 2

COMMUNITY SERVICES

FOOD AND SAFETY SERVICES

	Revised Budget 2016-2017	Projected Outturn 2016-2017	Variance
Direct Expenditure	299,450	297,531	(1,919)
Income	(130)	0	130
Total Directly Controllable (Income)/Expenditure	299,320	297,531	(1,789)
Indirect Expenditure	80,150	80,190	40
Net (Income)/Expenditure	379,470	377,721	(1,749)

HEALTH AND SAFETY

Direct Expenditure	126,730	130,547	3,817
Income	(117,700)	(117,700)	0
Total Directly Controllable (Income)/Expenditure	9,030	12,847	3,817
Indirect Expenditure	15,760	15,760	0
Net (Income)/Expenditure	24,790	28,607	3,817

HOUSING SURVEYING SERVICES

Direct Expenditure	612,750	605,037	(7,713)
Income	(740,720)	(740,720)	0
Total Directly Controllable (Income)/Expenditure	(127,970)	(135,683)	(7,713)
Indirect Expenditure	87,320	87,380	60
Net (Income)/Expenditure	(40,650)	(48,303)	(7,653)

GRANTS TO VOLUNTARY ORGANISATIONS - HOUSING AND COMMUNITY

Direct Expenditure	579,730	579,701	(29)
Income	(116,080)	(116,080)	0
Total Directly Controllable (Income)/Expenditure	463,650	463,621	(29)
Indirect Expenditure	3,690	3,714	24
Net (Income)/Expenditure	467,340	467,335	(5)

HOME FARM ESTATE, EFFINGHAM

Direct Expenditure	45,795	29,943	(15,852)
Income	(8,040)	(12,040)	(4,000)
Total Directly Controllable (Income)/Expenditure	37,755	17,903	(19,852)
Indirect Expenditure	23,180	21,014	(2,166)
Net (Income)/Expenditure	60,935	38,917	(22,018)

(29) A carry forward of £32,000 was agreed as part of the 2015-16 underspend, reflecting outstanding grant applications to be processed. The grants will be allocated in 2016-17.

COMMUNITY SERVICES

	Revised Budget 2016-2017	Projected Outturn 2016-2017	Variance
HOMELESSNESS AND EMERGENCY ACCOMMODATION			
Direct Expenditure	743,390	728,548	(14,842)
Income	(12,500)	(12,962)	(462)
Total Directly Controllable (Income)/Expenditure	730,890	715,586	(15,304)
Indirect Expenditure	72,500	72,548	48
Net (Income)/Expenditure	803,390	788,134	(15,256)

HOUSING ADVICE

Direct Expenditure	286,000	286,000	0
Total Directly Controllable (Income)/Expenditure	286,000	286,000	0
Net (Income)/Expenditure	286,000	286,000	0

AFFORDABLE HOUSING DEVELOPMENT

Direct Expenditure	168,150	143,067	(25,083)	Saving resulting from a vacant post. This post is being considered as part of a wider review of resources, which will consider implications of support to the newly established housing company.
Total Directly Controllable (Income)/Expenditure	168,150	143,067	(25,083)	
Indirect Expenditure	291,920	291,944	24	
Net (Income)/Expenditure	460,070	435,011	(25,059)	

LICENSING SERVICES

Direct Expenditure	163,300	179,747	16,447	An increase in the use of agency staff has resulted in an increased cost of £16,500.
Income	(163,260)	(161,602)	1,658	
Total Directly Controllable (Income)/Expenditure	40	18,145	18,105	
Indirect Expenditure	60,300	60,364	64	
Net (Income)/Expenditure	60,340	78,509	18,169	

COMMUNITY MEALS AND TPT

Direct Expenditure	799,442	769,056	(30,386)	Following a recent service review a number of posts have been disestablished resulting in a saving of £25,500, partly offset by the impact of job evaluation. These establishment changes have been built into the 2017-18 estimates.
Income	(300,810)	(318,479)	(17,669)	Additional grant support received from SCC after the budget was agreed.
Total Directly Controllable (Income)/Expenditure	498,632	450,577	(48,055)	
Indirect Expenditure	70,720	70,768	48	
Net (Income)/Expenditure	569,352	521,345	(48,007)	

Appendix 2

COMMUNITY SERVICES

HOUSING OUTSIDE THE HRA

	Revised Budget 2016-2017	Projected Outturn 2016-2017	Variance
Direct Expenditure	133,180	139,859	6,679
Income	(13,600)	(14,446)	(846)
Total Directly Controllable (Income)/Expenditure	119,580	125,413	5,833
Indirect Expenditure	25,680	25,696	16
Net (Income)/Expenditure	145,260	151,109	5,849

PEST CONTROL

Direct Expenditure	66,920	66,471	(449)
Income	(60,560)	(65,118)	(4,558)
Total Directly Controllable (Income)/Expenditure	6,360	1,353	(5,007)
Indirect Expenditure	13,580	13,612	32
Net (Income)/Expenditure	19,940	14,965	(4,975)

Additional income from Pest Control services

PRIVATE SECTOR HOUSING

Direct Expenditure	634,770	593,974	(40,796)	Vacant posts have been held as a consequence of an on going service review and are currently being covered by agency staff. This has resulted in an underspend on the service.
Income	(295,020)	(298,324)	(3,304)	Increase in Handy person work recharged to internal services. The budget has been increased for 2017-18 to reflect this additional work.
Total Directly Controllable (Income)/Expenditure	339,750	295,650	(44,100)	
Indirect Expenditure	624,470	624,542	72	
Net (Income)/Expenditure	964,220	920,192	(44,028)	

PUBLIC HEALTH

Direct Expenditure	75,810	69,561	(6,249)
Total Directly Controllable (Income)/Expenditure	75,810	69,561	(6,249)
Indirect Expenditure	5,840	5,864	24
Net (Income)/Expenditure	81,650	75,425	(6,225)

COMMUNITY SAFETY WARDENS

Direct Expenditure	345,520	353,728	8,208	The service is currently operating at full establishment. As a consequence it is assumed that the vacancy credit of £11,500 will not be met.
Income	(14,530)	(5,230)	9,300	Income from Surrey County Council over estimated in original budget.
Total Directly Controllable (Income)/Expenditure	330,990	348,498	17,508	
Indirect Expenditure	36,440	36,448	8	
Net (Income)/Expenditure	367,430	384,946	17,516	

COMMUNITY SERVICES

Revised Budget Projected Outturn
2016-2017 2016-2017

Variance

Appendix 2

TAXI LICENSING AND PRIVATE HIRE VEHICLES

Direct Expenditure	284,770	271,161	(13,609)
Income	(204,100)	(194,024)	10,076

The cost of the Disclosure and Barring Service (DBS) check is now borne by the Taxi Driver/Operators outside of the licensing fee, but continues to form a fundamental part of the licensing process. This has resulted in a reduction of £9,000 in expenditure, but also in an equivalent reduction in income. Other fee income is currently estimated to be under achieved by £3,000.

Total Directly Controllable (Income)/Expenditure	80,670	77,137	(3,533)
Indirect Expenditure	42,080	42,176	96
Net (Income)/Expenditure	122,750	119,313	(3,437)

WOKING ROAD DEPOT STORES

Direct Expenditure	76,010	77,006	996
Income	(93,860)	(96,411)	(2,551)
Total Directly Controllable (Income)/Expenditure	(17,850)	(19,405)	(1,555)
Indirect Expenditure	19,350	19,374	24
Net (Income)/Expenditure	1,500	(31)	(1,531)

Appendix 2

CORPORATE SERVICES

Revised Budget Projected Outturn Variance
2016-2017 2016-2017

SERVICE SUMMARY			
Direct Expenditure	5,011,476	5,204,287	192,811
Income	(2,382,220)	(2,439,313)	(57,093)
Total Directly Controllable (Income)/Expenditure	2,629,256	2,764,974	135,718
Indirect Expenditure	1,354,980	1,353,545	(1,435)
Net (Income)/Expenditure	3,984,236	4,118,519	134,283

ACCESS GROUP FOR GUILDFORD

Direct Expenditure	2,230	1,366	(864)
Total Directly Controllable (Income)/Expenditure	2,230	1,366	(864)
Indirect Expenditure	2,500	2,500	0
Net (Income)/Expenditure	4,730	3,866	(864)

CIVIC EXPENSES

Direct Expenditure	167,880	179,119	11,239	Increase in salary costs due to changes in allocations and an unmet vacancy credit.
Total Directly Controllable (Income)/Expenditure	167,880	179,119	11,239	
Indirect Expenditure	26,860	26,868	8	
Net (Income)/Expenditure	194,740	205,987	11,247	

COMMUNITY DEVELOPMENT

Direct Expenditure	253,860	262,866	9,006	Increase in £7,000 in employee related expenditure resulting from a service review.
Income	(15,000)	(39,273)	(24,273)	
Total Directly Controllable (Income)/Expenditure	238,860	223,593	(15,267)	
Indirect Expenditure	39,410	39,042	(368)	
Net (Income)/Expenditure	278,270	262,635	(15,635)	

COUNCIL AND COMMITTEE SUPPORT

Direct Expenditure	239,830	273,789	33,959	Higher than budgeted printing costs and changes to salary allocations reflecting workload.
Income	(41,810)	(41,810)	0	
Total Directly Controllable (Income)/Expenditure	198,020	231,979	33,959	
Indirect Expenditure	249,580	249,556	(24)	
Net (Income)/Expenditure	447,600	481,535	33,935	

CORPORATE SERVICES

	Revised Budget	Projected Outturn	Variance
	2016-2017	2016-2017	

Appendix 2**CORPORATE SERVICES**

Direct Expenditure	697,170	812,847	115,677	Unbudgeted expenditure relating to specialist procurement advice £60,500 and legal expenses £13,400 combined with staff advertising costs of £31,300. The report proposes that £50,000 is vired from the legal services budget.
Income	(129,790)	(133,095)	(3,305)	
Total Directly Controllable (Income)/Expenditure	567,380	679,752	112,372	
Indirect Expenditure	239,590	239,422	(168)	
Net (Income)/Expenditure	806,970	919,174	112,204	

COMMITTEE SERVICES

Direct Expenditure	198,640	164,949	(33,691)	A review of the service is currently ongoing which has resulting in an underspend of £34,000.
Income	(238,430)	(238,941)	(511)	
Total Directly Controllable (Income)/Expenditure	(39,790)	(73,992)	(34,202)	
Indirect Expenditure	40,270	40,302	32	
Net (Income)/Expenditure	480	(33,690)	(34,170)	

DEMOCRATIC REPRESENTATION AND MANAGEMENT

Direct Expenditure	719,010	707,561	(11,449)	Underspend on salaries due to vacant post £3,700. Webcasting costs are estimated to be £4,800 above budget, offset by a reduction in postage, printing and franking services £12,000.
Income	(88,650)	(88,971)	(321)	
Total Directly Controllable (Income)/Expenditure	630,360	618,590	(11,770)	
Indirect Expenditure	379,590	379,702	112	
Net (Income)/Expenditure	1,009,950	998,292	(11,658)	

ELECTIONS

Direct Expenditure	81,960	246,759	164,799	The cost of the governance referendum will be funded from reserve.
Total Directly Controllable (Income)/Expenditure	81,960	246,759	164,799	
Indirect Expenditure	15,050	15,074	24	
Net (Income)/Expenditure	97,010	261,833	164,823	

ELECTORAL REGISTRATION

Direct Expenditure	324,720	319,049	(5,671)	An underspend of £15,000 resulting from vacant posts. These posts have now been advertised and will be filled shortly.
Income	(3,740)	(40,043)	(36,303)	Increased grant funding to cover the costs of additional electoral registration requirements. This grant was not assumed in the preparation of the 2016-17 estimates.
Total Directly Controllable (Income)/Expenditure	320,980	279,006	(41,974)	
Indirect Expenditure	39,070	39,086	16	
Net (Income)/Expenditure	360,050	318,092	(41,958)	

CORPORATE SERVICES

Revised Budget Projected Outturn Variance
2016-2017 2016-2017

Appendix 2

LEGAL SERVICES

Direct Expenditure	1,091,196	1,038,157	(53,039)	A virement of £185,000 reflecting budgetary pressures was agreed to the revised budget earlier in the year. Following a change in the management arrangements of the service, a review was undertaken which revisited the requirement for temporary staff and external legal support. Combined with changes in the assumptions around the appointment date for recruitment into substantive posts, it has concluded that an element of the revised budget will not be committed as envisaged. The report proposes that £50,000 is vired to Corporate Services to reflect cost pressures in this area.
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Income	(1,022,740)	(1,015,030)	7,710	
Total Directly Controllable (Income)/Expenditure	68,456	23,127	(45,329)	
Indirect Expenditure	125,360	125,408	48	
Net (Income)/Expenditure	193,816	148,535	(45,281)	

HR SERVICES

Direct Expenditure	381,150	384,179	3,029	
Income	(476,840)	(476,840)	0	
Total Directly Controllable (Income)/Expenditure	(95,690)	(92,661)	3,029	
Indirect Expenditure	96,540	96,628	88	
Net (Income)/Expenditure	850	3,967	3,117	

INFORMATION RIGHTS OFFICER

Direct Expenditure	62,750	67,548	4,798	
Income	(73,860)	(73,870)	(10)	
Total Directly Controllable (Income)/Expenditure	(11,110)	(6,322)	4,788	
Indirect Expenditure	11,110	10,990	(120)	
Net (Income)/Expenditure	0	4,668	4,668	

OTHER EMPLOYEE COSTS

Direct Expenditure	243,530	192,689	(50,841)	A carry forward in respect of 360 training and service leader development will not be fully spent. A £50,000 saving is included.
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Income	(284,360)	(284,440)	(80)	
Total Directly Controllable (Income)/Expenditure	(40,830)	(91,751)	(50,921)	
Indirect Expenditure	15,310	14,147	(1,163)	
Net (Income)/Expenditure	(25,520)	(77,604)	(52,084)	

PARISH AND LOCAL LIAISON

Direct Expenditure	202,060	202,393	333	
Total Directly Controllable (Income)/Expenditure	202,060	202,393	333	
Indirect Expenditure	8,740	8,764	24	
Net (Income)/Expenditure	210,800	211,157	357	

CORPORATE SERVICES

PROCUREMENT

	Revised Budget 2016-2017	Projected Outturn 2016-2017	Variance
Direct Expenditure	45,430	50,852	5,422
Total Directly Controllable (Income)/Expenditure	45,430	50,852	5,422
Indirect Expenditure	7,450	7,458	8
Net (Income)/Expenditure	52,880	58,310	5,430

PUBLIC RELATIONS AND MARKETING

Direct Expenditure	292,770	295,352	2,582
Income	(7,000)	(7,000)	0
Total Directly Controllable (Income)/Expenditure	285,770	288,352	2,582
Indirect Expenditure	53,060	53,100	40
Net (Income)/Expenditure	338,830	341,452	2,622

GUILDFORD YOUTH COUNCIL

Direct Expenditure	7,290	4,812	(2,478)
Total Directly Controllable (Income)/Expenditure	7,290	4,812	(2,478)
Indirect Expenditure	5,490	5,498	8
Net (Income)/Expenditure	12,780	10,310	(2,470)

Appendix 2

DEVELOPMENT	Revised Budget	Projected Outturn	Variance
	2016-2017	2016-2017	
SERVICE SUMMARY			
Direct Expenditure	7,886,800	8,076,669	189,869
Income	(11,138,590)	(11,671,103)	(532,513)
Total Directly Controllable (Income)/Expenditure	(3,251,790)	(3,594,434)	(342,644)
Indirect Expenditure	3,555,590	3,556,711	1,121
Net (Income)/Expenditure	303,800	(37,723)	(341,523)

BUILDING CONTROL SUMMARY

Direct Expenditure	704,110	685,238	(18,872)	Additional agency costs are covered by substantive salary savings which result in an overall saving of £22,000.
Income	(503,763)	(454,540)	49,223	A reduction in applications is projected to result in reduced Building Control fees.
Total Directly Controllable (Income)/Expenditure	200,347	230,698	30,351	
Indirect Expenditure	131,520	131,560	40	
Net (Income)/Expenditure	331,867	362,258	30,391	

BUSINESS FORUM

Direct Expenditure	76,210	76,420	210
Total Directly Controllable (Income)/Expenditure	76,210	76,420	210
Indirect Expenditure	1,120	1,128	8
Net (Income)/Expenditure	77,330	77,548	218

DEVELOPMENT CONTROL

Direct Expenditure	1,691,350	1,953,360	262,010	It is currently projected that employee costs will be £130,300 higher than budget, in part the result of casual and agency staffing costs. The Budget Pressures Reserve will fund the £38,000 cost of a temporary enforcement officer included in the projection. Savings anticipated from the FSR were not achieved following a subsequent review of support staff. Retention and recruitment of planning officers remains difficult in the current employment market. Consultants will be over budget by £13,000 and planning appeal expenses are expected to be £100,000 over budget due to The Howard of Effingham appeal. Subject to approval by the Executive in January 2017 this cost will be met from the budget pressures reserve.
Income	(1,185,020)	(1,330,949)	(145,929)	Planning fee income is currently projected to be £146,000 higher than budget.
Total Directly Controllable (Income)/Expenditure	506,330	622,411	116,081	
Indirect Expenditure	445,050	447,373	2,323	
Net (Income)/Expenditure	951,380	1,069,784	118,404	

DEVELOPMENT	Revised Budget 2016-2017	Projected Outturn 2016-2017	Variance	
INDUSTRIAL ESTATES				
Direct Expenditure	312,670	336,188	23,518	Expenditure on emergency lighting and fire alarms at Midleton Estate is £11,000 more than budgeted.
Income	(3,067,240)	(3,149,249)	(82,009)	Rental income is expected to be higher than budgeted as a consequence of the acquisition of 10 Midleton, although this is partially offset by vacant units. Rent reviews at Lysons Avenue and Slyfield have resulted in improvements in the budgeted position.
Total Directly Controllable (Income)/Expenditure	(2,754,570)	(2,813,061)	(58,491)	
Indirect Expenditure	261,250	267,854	6,604	
Net (Income)/Expenditure	(2,493,320)	(2,545,207)	(51,887)	
INVESTMENT PROPERTY				
Direct Expenditure	201,830	202,924	1,094	
Income	(4,939,130)	(5,252,870)	(313,740)	The Asset Investment Strategy targeted additional income of £696,000 in 2016-17. The profiling of property acquisitions remains key to the delivery of this targeted figure. The recent purchase of the Armour Buildings, Bridge Street and Wey House will contribute towards exceeding this target.
Total Directly Controllable (Income)/Expenditure	(4,737,300)	(5,049,946)	(312,646)	
Indirect Expenditure	228,560	207,931	(20,629)	
Net (Income)/Expenditure	(4,508,740)	(4,842,015)	(333,275)	
LOCAL LAND CHARGES				
Direct Expenditure	237,690	229,935	(7,755)	
Income	(273,370)	(259,625)	13,745	
Total Directly Controllable (Income)/Expenditure	(35,680)	(29,690)	5,990	
Indirect Expenditure	35,010	35,142	132	
Net (Income)/Expenditure	(670)	5,452	6,122	
MAJOR PROJECTS				
Direct Expenditure	952,850	1,183,259	230,409	There are salary and agency cost savings of £171,600, which assumes that an element of salary costs will be capitalised. Agency costs will now not be replaced by the equivalent substantive post costs until 2017-18. The procurement consultants costs will be capitalised. Consultancy costs, which include a budget of £72,000 for Town Centre Development and £320,000 across the Major Projects cost centres are expected to be over budget by £497,800. The net cost of North Street Pop Up Village is expected to be £20,000 in this financial year, with income estimated at £48,000 and costs at £68,000. There is £134,500 in the Master Plan reserve which will be used to fund the increased level of expenditure.
Income	0	(47,993)	(47,993)	
Total Directly Controllable (Income)/Expenditure	952,850	1,135,266	182,416	
Indirect Expenditure	1,313,330	1,314,241	911	
Net (Income)/Expenditure	2,266,180	2,449,507	183,327	

DEVELOPMENT	Revised Budget 2016-2017	Projected Outturn 2016-2017	Variance	Appendix 2
OTHER PROPERTY				
Direct Expenditure	86,400	130,047	43,647	Security arrangements at Tyting Farm are anticipated to cost £25,200.
Income	(121,860)	(151,355)	(29,495)	The purchase of New House will result in increased rent in 2016-17 of £23,750.
Total Directly Controllable (Income)/Expenditure	(35,460)	(21,308)	14,152	
Indirect Expenditure	100,270	101,609	1,339	
Net (Income)/Expenditure	64,810	80,301	15,491	
POLICY				
Direct Expenditure	1,485,360	1,283,310	(202,050)	There are savings in salaries of £274,200 resulting from vacancies due in part to implementation of the FSR and difficulty in recruiting suitable candidates. Transport planning and design and conservation consultants costs, estimated at £135,000 (for which there is a budget of £34,800) will be met from the saving. The carry forward of £74,000 for CIL consultant costs is now expected to be spent in this financial year. Savings in Local Plan legal fees will cover any overspend on consultants. The budget for inspectors fees of £10,000 will not be required in this financial year.
Income	(4,817)	(26,485)	(21,668)	The increased income results from a expectation of Government Grant in respect of neighbourhood plans.
Total Directly Controllable (Income)/Expenditure	1,480,543	1,256,825	(223,718)	
Indirect Expenditure	177,340	177,307	(33)	
Net (Income)/Expenditure	1,657,883	1,434,132	(223,751)	
ASSET DEVELOPMENT				
Direct Expenditure	1,059,320	1,022,543	(36,777)	There are salary savings of £18,300 and the consultants budget will be under spent by £24,300.
Income	(805,500)	(804,004)	1,496	
Total Directly Controllable (Income)/Expenditure	253,820	218,539	(35,281)	
Indirect Expenditure	260,510	270,219	9,709	
Net (Income)/Expenditure	514,330	488,758	(25,572)	
SLYFIELD AREA REGENERATION PROJECT (SARP)				
Direct Expenditure	53,510	79,833	26,323	Expenditure on consultants totalling £62,946 is being funded from revenue reserves with £5,000 coming from the revenue budget. Other expenditure on consultancy will be capitalised.
Total Directly Controllable (Income)/Expenditure	53,510	79,833	26,323	
Indirect Expenditure	517,870	517,886	16	
Net (Income)/Expenditure	571,380	597,719	26,339	

DEVELOPMENT**TOURIST INFORMATION CENTRE**

	Revised Budget 2016-2017	Projected Outturn 2016-2017	Variance
Direct Expenditure	257,620	240,154	(17,466)
Income	(56,300)	(51,254)	5,046
Total Directly Controllable (Income)/Expenditure	201,320	188,900	(12,420)
Indirect Expenditure	27,540	28,035	495
Net (Income)/Expenditure	228,860	216,935	(11,925)

BUSINESS AND TOURISM

Direct Expenditure	638,030	525,526	(112,504)	The service retains the apprenticeship budget of £119,000 with actual salary costs allocated directly to individual services. The budget will therefore remain as a saving against the service.
Income	(150,360)	(115,536)	34,824	Guide income is expected to be £15,900 under budget and income generated from the provision of WiFi in the town centre will be under achieved by £20,000 as a result of delays in the process.
Total Directly Controllable (Income)/Expenditure	487,670	409,990	(77,680)	
Indirect Expenditure	37,640	37,822	182	
Net (Income)/Expenditure	525,310	447,812	(77,498)	

TOWN CENTRE MANAGEMENT

Direct Expenditure	129,850	127,732	(2,118)
Income	(31,230)	(27,243)	3,987
Total Directly Controllable (Income)/Expenditure	98,620	100,489	1,869
Indirect Expenditure	18,580	18,604	24
Net (Income)/Expenditure	117,200	119,093	1,893

ENVIRONMENT	Revised Budget	Projected Outturn	Variance
	2016-2017	2016-2017	

SERVICE SUMMARY			
Direct Expenditure	27,652,692	27,361,780	(290,912)
Income	(26,696,930)	(27,754,315)	(1,057,385)
Total Directly Controllable (Income)/Expenditure	955,762	(392,535)	(1,348,297)
Indirect Expenditure	8,769,740	8,795,386	25,646
Net (Income)/Expenditure	9,725,502	8,402,851	(1,322,651)

ABANDONED VEHICLES

Direct Expenditure	34,500	36,935	2,435
Total Directly Controllable (Income)/Expenditure	34,500	36,935	2,435
Indirect Expenditure	8,100	8,108	8
Net (Income)/Expenditure	42,600	45,043	2,443

ARMED FORCES DAY

Direct Expenditure	0	523	523
Total Directly Controllable (Income)/Expenditure	0	523	523
Net (Income)/Expenditure	0	523	523

CCTV SYSTEMS

Direct Expenditure	80,400	75,440	(4,960)
Income	0	(7)	(7)
Total Directly Controllable (Income)/Expenditure	80,400	75,433	(4,967)
Indirect Expenditure	19,240	16,664	(2,576)
Net (Income)/Expenditure	99,640	92,097	(7,543)

CEMETERIES AND CLOSED CHURCHYARDS

Direct Expenditure	272,690	299,964	27,274	Repair works at Stoke Cemetery.
Income	(54,730)	(57,147)	(2,417)	
Total Directly Controllable (Income)/Expenditure	217,960	242,817	24,857	
Indirect Expenditure	24,910	33,084	8,174	
Net (Income)/Expenditure	242,870	275,901	33,031	

CLINICAL WASTE

Direct Expenditure	3,080	7,161	4,081
Total Directly Controllable (Income)/Expenditure	3,080	7,161	4,081
Indirect Expenditure	380	380	0
Net (Income)/Expenditure	3,460	7,541	4,081

ENVIRONMENT**CREMATORIUM**

	Revised Budget 2016-2017	Projected Outturn 2016-2017	Variance	
Direct Expenditure	673,450	564,930	(108,520)	Saving in employee related expenditure of £66,000 is attributable to the pending restructure.
Income	(1,498,320)	(1,489,594)	8,726	Income from cremations is currently projected as £20,070 (1.5%) below the estimate.
Total Directly Controllable (Income)/Expenditure	(824,870)	(924,664)	(99,794)	
Indirect Expenditure	319,060	323,611	4,551	
Net (Income)/Expenditure	(505,810)	(601,053)	(95,243)	

DOG CONTROL AND ANIMAL WELFARE

Direct Expenditure	68,170	62,992	(5,178)
Income	(5,000)	(8,144)	(3,144)
Total Directly Controllable (Income)/Expenditure	63,170	54,848	(8,322)
Indirect Expenditure	10,570	10,578	8
Net (Income)/Expenditure	73,740	65,426	(8,314)

ELECTRIC THEATRE

Direct Expenditure	569,900	522,307	(47,593)	The Cafe Bar and Front of House Manager and Marketing and Box Office Manager posts are currently vacant. These roles are being covered by the combination of casual staff and reconfiguring existing resources.
Income	(337,590)	(278,106)	59,484	A cautious assessment of ticket income has been included.
Total Directly Controllable (Income)/Expenditure	232,310	244,201	11,891	
Indirect Expenditure	114,760	114,195	(565)	
Net (Income)/Expenditure	347,070	358,396	11,326	

FLEET MANAGEMENT SERVICE

Direct Expenditure	1,068,440	1,031,889	(36,551)
Income	(2,828,600)	(2,834,725)	(6,125)
Total Directly Controllable (Income)/Expenditure	(1,760,160)	(1,802,836)	(42,676)
Indirect Expenditure	1,780,050	1,780,402	352
Net (Income)/Expenditure	19,890	(22,434)	(42,324)

ENGINEERING AND TRANSPORT SERVICES

Direct Expenditure	354,460	345,097	(9,363)
Income	(421,660)	(415,407)	6,253
Total Directly Controllable (Income)/Expenditure	(67,200)	(70,310)	(3,110)
Indirect Expenditure	67,160	67,192	32
Net (Income)/Expenditure	(40)	(3,118)	(3,078)

Appendix 2

ENVIRONMENT

GUILDFORD HOUSE

	Revised Budget 2016-2017	Projected Outturn 2016-2017	Variance	
Direct Expenditure	397,460	354,110	(43,350)	Roof works planned at Guildford House will now be carried out in 2017-18. The general R&M budget will be underspent by £5,500.
Income	(66,530)	(67,066)	(536)	
Total Directly Controllable (Income)/Expenditure	330,930	287,044	(43,886)	
Indirect Expenditure	88,860	85,319	(3,541)	
Net (Income)/Expenditure	419,790	372,363	(47,427)	

GUILDHALL

Direct Expenditure	215,836	192,057	(23,779)	Planned repairs to the Guildhall roof to stop the ingress of water are no longer required and has been removed from the projection. Works to the guttering may be required.
Income	(27,800)	(29,251)	(1,451)	
Total Directly Controllable (Income)/Expenditure	188,036	162,806	(25,230)	
Indirect Expenditure	36,060	31,420	(4,640)	
Net (Income)/Expenditure	224,096	194,226	(29,870)	

LAND DRAINAGE

Direct Expenditure	157,250	159,591	2,341	
Income	0	(92)	(92)	
Total Directly Controllable (Income)/Expenditure	157,250	159,499	2,249	
Indirect Expenditure	328,830	296,365	(32,465)	
Net (Income)/Expenditure	486,080	455,864	(30,216)	

LEISURE ART DEVELOPMENT

Direct Expenditure	77,680	78,130	450	
Income	(200)	(1,664)	(1,464)	
Total Directly Controllable (Income)/Expenditure	77,480	76,466	(1,014)	
Indirect Expenditure	14,050	14,074	24	
Net (Income)/Expenditure	91,530	90,540	(990)	

LEISURE COMMUNITY CENTRES

Direct Expenditure	98,010	122,117	24,107	Higher than budgeted expenditure is predominantly due to refurbishment works undertaken at Stoughton Community Centre and will be funded from the reserve established when Guildford Community Centre closed.
Income	0	(1,264)	(1,264)	
Total Directly Controllable (Income)/Expenditure	98,010	120,853	22,843	
Indirect Expenditure	72,510	75,002	2,492	
Net (Income)/Expenditure	170,520	195,855	25,335	

ENVIRONMENT**LEISURE G LIVE**

	Revised Budget 2016-2017	Projected Outturn 2016-2017	Variance	
Direct Expenditure	409,390	406,122	(3,268)	
Income	(24,210)	(42,201)	(17,991)	The projection includes management fee income of £34,600, £18,600 higher than estimated.
Total Directly Controllable (Income)/Expenditure	385,180	363,921	(21,259)	
Indirect Expenditure	888,740	889,714	974	
Net (Income)/Expenditure	1,273,920	1,253,635	(20,285)	

LEISURE GRANTS

Direct Expenditure	435,610	435,113	(497)
Total Directly Controllable (Income)/Expenditure	435,610	435,113	(497)
Indirect Expenditure	8,570	8,586	16
Net (Income)/Expenditure	444,180	443,699	(481)

LEISURE MANAGEMENT CONTRACT

Direct Expenditure	1,453,960	1,256,480	(197,480)	Projected surplus for premises related expenditure results from lower than budgeted utility costs. This also results in lower income recovered from the recharging of electricity and gas costs (see income)
Income	(1,967,960)	(1,736,744)	231,216	
Total Directly Controllable (Income)/Expenditure	(514,000)	(480,264)	33,736	
Indirect Expenditure	1,572,740	1,573,828	1,088	
Net (Income)/Expenditure	1,058,740	1,093,564	34,824	

LEISURE PLAY DEVELOPMENT

Direct Expenditure	203,500	197,103	(6,397)
Income	(38,500)	(36,105)	2,395
Total Directly Controllable (Income)/Expenditure	165,000	160,998	(4,002)
Indirect Expenditure	16,220	16,244	24
Net (Income)/Expenditure	181,220	177,242	(3,978)

LEISURE RANGERS

Direct Expenditure	234,700	216,032	(18,668)	The saving relates to vacancies in the Parks Ranger Service.
Income	(640)	0	640	
Total Directly Controllable (Income)/Expenditure	234,060	216,032	(18,028)	
Indirect Expenditure	8,100	8,124	24	
Net (Income)/Expenditure	242,160	224,156	(18,004)	

Appendix 2

ENVIRONMENT

LEISURE SPORT DEVELOPMENT

	Revised Budget 2016-2017	Projected Outturn 2016-2017	Variance
Direct Expenditure	78,800	76,822	(1,978)
Income	(5,150)	(1,846)	3,304
Total Directly Controllable (Income)/Expenditure	73,650	74,976	1,326
Indirect Expenditure	10,990	11,022	32
Net (Income)/Expenditure	84,640	85,998	1,358

MARKETS

Direct Expenditure	62,040	61,353	(687)
Income	(170,750)	(170,880)	(130)
Total Directly Controllable (Income)/Expenditure	(108,710)	(109,527)	(817)
Indirect Expenditure	8,180	8,188	8
Net (Income)/Expenditure	(100,530)	(101,339)	(809)

MOT BAY

Direct Expenditure	157,710	152,959	(4,751)
Income	(170,620)	(159,795)	10,825
Total Directly Controllable (Income)/Expenditure	(12,910)	(6,836)	6,074
Indirect Expenditure	12,870	12,894	24
Net (Income)/Expenditure	(40)	6,058	6,098

GUILDFORD MUSEUM

Direct Expenditure	522,180	578,330	56,150	Expenditure on the Museum review totalling £16,500 will be funded from the Invest to Save reserve. The Your Story, Your Museum Arts Council grant of £33,820 will help to fund £43,063 of expenditure on the project (see income)
Income	(54,310)	(85,775)	(31,465)	
Total Directly Controllable (Income)/Expenditure	467,870	492,555	24,685	
Indirect Expenditure	200,890	209,917	9,027	
Net (Income)/Expenditure	668,760	702,472	33,712	

OFF STREET PARKING

Direct Expenditure	3,624,590	3,440,220	(184,370)	Decoration works at Leapale Multi-Storey Car Park have been rescheduled to 2017-18, the estimate for these works in 2016-17 was £136,000.
Income	(9,946,220)	(10,317,873)	(371,653)	Meter income from off street car parks is currently projected to be £8,328,900, which is £374,450 (4.7%) above this year's estimate. The additional income includes a VAT refund of £108,000.
Total Directly Controllable (Income)/Expenditure	(6,321,630)	(6,877,653)	(556,023)	
Indirect Expenditure	1,199,250	1,180,764	(18,486)	
Net (Income)/Expenditure	(5,122,380)	(5,696,889)	(574,509)	

ENVIRONMENT**ON STREET PARKING**

	Revised Budget 2016-2017	Projected Outturn 2016-2017	Variance	
Direct Expenditure	1,159,330	1,169,623	10,293	The projected outturn for signage costs is £28,000 above the estimate due to expenditure related to the review and implementation of on street parking schemes. Savings related to software reduce the overall overspend to £10,300.
Income	(1,939,480)	(1,919,439)	20,041	The projection for meter income, net of bay suspension fees, is £36,600 below the estimate. A number of other income headings show higher than budgeted outturn reducing the overall position to £20,000.
Total Directly Controllable (Income)/Expenditure	(780,150)	(749,816)	30,334	
Indirect Expenditure	79,680	79,696	16	
Net (Income)/Expenditure	(700,470)	(670,120)	30,350	

ORDNANCE SURVEY AND MAPPING SERVICES

Direct Expenditure	3,430	2,874	(556)
Total Directly Controllable (Income)/Expenditure	3,430	2,874	(556)
Indirect Expenditure	10,000	7,628	(2,372)
Net (Income)/Expenditure	13,430	10,502	(2,928)

PARKS AND COUNTRYSIDE

Direct Expenditure	4,206,396	4,136,103	(70,293)	Lower than budgeted employee related expenditure totalling £191,000 resulting from vacant posts and the budget for a revised structure which will not be utilised in full. Repairs and maintenance, to be funded within the overall corporate allocation £62,000 above the estimate. Savings of £95,000 on the Payment to Contractors budget resulting from the decision to bring verge maintenance operations in-house, which has been absorbed into operating costs.
Income	(1,364,110)	(2,293,553)	(929,443)	The income projection includes £1,000,000 of SPA income, the majority of which (the balance of income above revenue expenditure) is transferred to reserve at year-end.
Total Directly Controllable (Income)/Expenditure	2,842,286	1,842,550	(999,736)	
Indirect Expenditure	543,910	579,765	35,855	
Net (Income)/Expenditure	3,386,196	2,422,315	(963,881)	

ENVIRONMENT

Revised Budget Projected Outturn Variance
2016-2017 2016-2017

Appendix 2

PARK AND RIDE SERVICES

Direct Expenditure	721,950	799,955	78,005	The supplies and services expenditure projection includes £32,600 in respect of welfare facilities at Onslow Park and Ride, a corresponding amount of income is included in the outturn as the costs are recoverable from Surrey County Council. The projected outturn for transportation costs reflects the net cost of the park and ride bus contracts, this now includes Onslow Park and Ride. Park and ride costs are met from the surplus generated from on-street parking.
Income	(21,000)	(54,437)	(33,437)	
Total Directly Controllable (Income)/Expenditure	700,950	745,518	44,568	
Indirect Expenditure	95,600	84,528	(11,072)	
Net (Income)/Expenditure	796,550	830,046	33,496	

PUBLIC CONVENIENCES

Direct Expenditure	300,470	290,017	(10,453)	
Income	(11,570)	(11,570)	0	
Total Directly Controllable (Income)/Expenditure	288,900	278,447	(10,453)	
Indirect Expenditure	73,120	70,116	(3,004)	
Net (Income)/Expenditure	362,020	348,563	(13,457)	

REFUSE AND RECYCLING

Direct Expenditure	6,309,230	6,629,976	320,746	The projected cost of co-mingled recycling gate fees is £314,000 higher than budget. An equalisation reserve was established to cover this additional cost.
Income	(3,816,070)	(3,817,207)	(1,137)	
Total Directly Controllable (Income)/Expenditure	2,493,160	2,812,769	319,609	
Indirect Expenditure	685,380	685,604	224	
Net (Income)/Expenditure	3,178,540	3,498,373	319,833	

RIVER CONTROL

Direct Expenditure	30,670	29,632	(1,038)	
Total Directly Controllable (Income)/Expenditure	30,670	29,632	(1,038)	
Indirect Expenditure	9,140	6,205	(2,935)	
Net (Income)/Expenditure	39,810	35,837	(3,973)	

ENVIRONMENT**ROADS AND FOOTPATHS MAINTENANCE**

	Revised Budget 2016-2017	Projected Outturn 2016-2017	Variance
Direct Expenditure	36,640	53,157	16,517
Total Directly Controllable (Income)/Expenditure	36,640	53,157	16,517
Indirect Expenditure	49,540	82,753	33,213
Net (Income)/Expenditure	86,180	135,910	49,730

Projected expenditure on road and footpath repairs is £20,400 above the estimate, whilst the associated engineering and transportation recharge is £33,000 above the estimate.

SNOW AND ICE PLAN HOLDING ACCOUNT

Direct Expenditure	61,440	61,689	249
Income	(62,270)	(62,270)	0
Total Directly Controllable (Income)/Expenditure	(830)	(581)	249
Indirect Expenditure	1,040	384	(656)
Net (Income)/Expenditure	210	(197)	(407)

STREET CLEANSING

Direct Expenditure	2,050,230	1,967,052	(83,178)
Income	(134,750)	(140,898)	(6,148)
Total Directly Controllable (Income)/Expenditure	1,915,480	1,826,154	(89,326)
Indirect Expenditure	121,750	121,814	64
Net (Income)/Expenditure	2,037,230	1,947,968	(89,262)

Combination of vacancies and reduction in contractor costs associated with cleaning of main roads (A3/A31)
Additional income from charging out cleansing services to external organisations

STREET FURNITURE

Direct Expenditure	55,650	61,298	5,648
Total Directly Controllable (Income)/Expenditure	55,650	61,298	5,648
Indirect Expenditure	9,080	13,244	4,164
Net (Income)/Expenditure	64,730	74,542	9,812

TRANSPORTATION

Direct Expenditure	12,630	11,896	(734)
Total Directly Controllable (Income)/Expenditure	12,630	11,896	(734)
Indirect Expenditure	5,640	13,020	7,380
Net (Income)/Expenditure	18,270	24,916	6,646

VEHICLE MAINTENANCE WORKSHOP

Direct Expenditure	823,210	821,873	(1,337)
Income	(869,020)	(864,000)	5,020
Total Directly Controllable (Income)/Expenditure	(45,810)	(42,127)	3,683
Indirect Expenditure	46,570	46,578	8
Net (Income)/Expenditure	760	4,451	3,691

ENVIRONMENT

Revised Budget	Projected Outturn	Variance
2016-2017	2016-2017	

WOKING ROAD DEPOT

Direct Expenditure	425,860	453,548	27,688	The increase in expenditure relates to the new Depot Labourer post.
Income	(608,340)	(605,653)	2,687	
Total Directly Controllable (Income)/Expenditure	(182,480)	(152,105)	30,375	
Indirect Expenditure	179,840	180,000	160	
Net (Income)/Expenditure	(2,640)	27,895	30,535	

RECYCLING, CLEANSING AND PARKING SERVICES OVERHEAD ACCOUNT

Direct Expenditure	201,750	199,310	(2,440)
Income	(251,530)	(251,602)	(72)
Total Directly Controllable (Income)/Expenditure	(49,780)	(52,292)	(2,512)
Indirect Expenditure	48,360	48,376	16
Net (Income)/Expenditure	(1,420)	(3,916)	(2,496)

MANAGING DIRECTOR

	Revised Budget 2016-2017	Projected Outturn 2016-2017	Variance
SERVICE SUMMARY			
Direct Expenditure	625,555	379,124	(246,431)
Income	(549,070)	(549,070)	0
Total Directly Controllable (Income)/Expenditure	76,485	(169,946)	(246,431)
Indirect Expenditure	70,020	70,068	48
Net (Income)/Expenditure	146,505	(99,878)	(246,383)

PERFORMANCE MANAGEMENT

Direct Expenditure	72,070	(1)	(72,071)	The salary saving results from vacant posts
Income	(72,070)	(72,070)	0	
Total Directly Controllable (Income)/Expenditure	0	(72,071)	(72,071)	
Net (Income)/Expenditure	0	(72,071)	(72,071)	

INTERNAL AUDIT

Direct Expenditure	313,245	235,906	(77,339)	The service review for Internal Audit has now been completed, and recruitment in underway to recruit to vacant posts.
Income	(276,320)	(276,320)	0	
Total Directly Controllable (Income)/Expenditure	36,925	(40,414)	(77,339)	
Indirect Expenditure	36,880	36,904	24	
Net (Income)/Expenditure	73,805	(3,510)	(77,315)	

PERFORMANCE AND TRANSFORMATION

Direct Expenditure	240,240	143,219	(97,021)	The service review for Performance and Transformation has now been completed, and recruitment in underway to recruit to vacant posts.
Income	(200,680)	(200,680)	0	
Total Directly Controllable (Income)/Expenditure	39,560	(57,461)	(97,021)	
Indirect Expenditure	33,140	33,164	24	
Net (Income)/Expenditure	72,700	(24,297)	(96,997)	

Appendix 2

RESOURCES

	Revised Budget	Projected Outturn	Variance
	2016-2017	2016-2017	

SERVICE SUMMARY			
Direct Expenditure	47,174,269	46,208,350	(965,919)
Income	(45,564,260)	(44,562,035)	1,002,225
Total Directly Controllable (Income)/Expenditure	1,610,009	1,646,315	36,306
Indirect Expenditure	2,311,890	2,318,043	6,153
Net (Income)/Expenditure	3,921,899	3,964,358	42,459

ACCOUNTANCY

Direct Expenditure	782,620	764,855	(17,765)	Salary savings resulting from a service restructuring.
Income	(913,160)	(913,408)	(248)	
Total Directly Controllable (Income)/Expenditure	(130,540)	(148,553)	(18,013)	
Indirect Expenditure	129,420	129,484	64	
Net (Income)/Expenditure	(1,120)	(19,069)	(17,949)	

BUSINESS RATES

Direct Expenditure	189,350	195,222	5,872	The service is currently operating at full establishment. As a consequence the vacancy credit of £5,500 will not be met.
Income	(276,390)	(273,694)	2,696	
Total Directly Controllable (Income)/Expenditure	(87,040)	(78,472)	8,568	
Indirect Expenditure	43,060	43,084	24	
Net (Income)/Expenditure	(43,980)	(35,388)	8,592	

ICT BUSINESS SERVICES TEAM

Direct Expenditure	774,490	489,327	(285,163)	There are salary savings resulting from a number of vacant posts, pending a restructure of the service.
Income	(739,790)	(739,998)	(208)	
Total Directly Controllable (Income)/Expenditure	34,700	(250,671)	(285,371)	
Indirect Expenditure	96,570	96,682	112	
Net (Income)/Expenditure	131,270	(153,989)	(285,259)	

CLIMATE CHANGE

Direct Expenditure	418,840	345,475	(73,365)	There is a salary saving resulting from a vacant post. Following a restructure this post has been deleted from the 2017-18 estimates. The growth bid of £20,000 for the Community Energy Scheme will not be spent in this financial year.
Income	(367,670)	(371,620)	(3,950)	
Total Directly Controllable (Income)/Expenditure	51,170	(26,145)	(77,315)	
Indirect Expenditure	61,190	61,278	88	
Net (Income)/Expenditure	112,360	35,133	(77,227)	

RESOURCES

	Revised Budget 2016-2017	Projected Outturn 2016-2017	Variance
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CORPORATE FINANCIAL

Direct Expenditure	164,090	155,846	(8,244)
Income	(154,650)	(150,224)	4,426
Total Directly Controllable (Income)/Expenditure	9,440	5,622	(3,818)
Indirect Expenditure	275,770	275,882	112
Net (Income)/Expenditure	285,210	281,504	(3,706)

COUNCIL TAX

Direct Expenditure	624,364	587,008	(37,356)	Following the resignation of the Council Tax Manager, a temporary management structure is in place pending a full restructure.
Income	(343,750)	(325,000)	18,750	Income has decreased due to reduction in government grant for
Total Directly Controllable (Income)/Expenditure	280,614	262,008	(18,606)	
Indirect Expenditure	142,090	142,146	56	
Net (Income)/Expenditure	422,704	404,154	(18,550)	

ICT CUSTOMER TECHNICAL SUPPORT

Direct Expenditure	941,930	1,125,394	183,464	Network Links (BT Unicorn) will be over budget by £6,000, IT Security by £6,000 and Infrastructure Maintenance by £5,700. The new EE mobile phone contract has resulted in an overspend of £33,000 which will be allocated to the relevant cost centres at year end. Invoices totaling £105,000 have been coded to the revenue account but are likely to be treated as capital expenditure and will be transferred to the IT Renewals reserve.
Income	(920,390)	(919,942)	448	
Total Directly Controllable (Income)/Expenditure	21,540	205,452	183,912	
Indirect Expenditure	76,640	76,672	32	
Net (Income)/Expenditure	98,180	282,124	183,944	

E-PAYMENTS DEPARTMENT

Direct Expenditure	341,080	334,022	(7,058)
Income	(482,310)	(484,185)	(1,875)
Total Directly Controllable (Income)/Expenditure	(141,230)	(150,163)	(8,933)
Indirect Expenditure	98,210	98,250	40
Net (Income)/Expenditure	(43,020)	(51,913)	(8,893)

FEASIBILITY STUDIES

Direct Expenditure	20,000	22,630	2,630
Total Directly Controllable (Income)/Expenditure	20,000	22,630	2,630
Indirect Expenditure	140	140	0
Net (Income)/Expenditure	20,140	22,770	2,630

RESOURCES	Revised Budget	Projected Outturn	Variance	
	2016-2017	2016-2017		Appendix 2
DEBTORS				
Direct Expenditure	161,070	150,769	(10,301)	Debtors salaries are £11,400 lower than estimated (net of vacancy allowance) as a result of a full time post being temporarily filled on a part time basis. A full time employee is now in post.
Income	(262,070)	(262,142)	(72)	
Total Directly Controllable (Income)/Expenditure	(101,000)	(111,373)	(10,373)	
Indirect Expenditure	100,970	100,994	24	
Net (Income)/Expenditure	(30)	(10,379)	(10,349)	
HOUSING BENEFITS				
Direct Expenditure	37,526,841	36,391,075	(1,135,766)	The Department of Work and Pensions reimburse the cost of housing benefit payment. The amount of housing benefit paid is higher than budgeted, as a consequence the amount reimbursed has increased by an equivalent amount (see income)
Income	(37,317,510)	(36,184,821)	1,132,689	
Total Directly Controllable (Income)/Expenditure	209,331	206,254	(3,077)	
Indirect Expenditure	228,420	228,484	64	
Net (Income)/Expenditure	437,751	434,738	(3,013)	
INFORMATION SYSTEMS TEAM				
Direct Expenditure	258,660	261,387	2,727	
Income	(294,430)	(294,157)	273	
Total Directly Controllable (Income)/Expenditure	(35,770)	(32,770)	3,000	
Indirect Expenditure	37,350	37,292	(58)	
Net (Income)/Expenditure	1,580	4,522	2,942	
INSURANCE REVENUE ACCOUNT				
Direct Expenditure	917,970	882,496	(35,474)	Insurance premium renewals are lower than the budgeted assumptions. Savings have also been achieved in the risk management budget, as our insurer is offering risk management support and training as part of the policy.
Income	(938,410)	(927,968)	10,442	
Total Directly Controllable (Income)/Expenditure	(20,440)	(45,472)	(25,032)	
Indirect Expenditure	3,580	3,916	336	
Net (Income)/Expenditure	(16,860)	(41,556)	(24,696)	
IT RENEWALS REVENUE ACCOUNT				
Income	(582,920)	(582,920)	0	
Total Directly Controllable (Income)/Expenditure	(582,920)	(582,920)	0	
Indirect Expenditure	464,470	464,494	24	
Net (Income)/Expenditure	(118,450)	(118,426)	24	

RESOURCES

Revised Budget 2016-2017	Projected Outturn 2016-2017	Variance
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Appendix 2**MISCELLANEOUS ITEMS**

Direct Expenditure	(59,136)	340,278	399,414 Customer Service Centre saving not achieved. The centrally held budget for the non-achievement of service challenge savings and additional income has been removed as the savings are reflected in the relevant cost centres.
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Income	88,850	(12,838)	(101,688) A £105,000 budget for the non-achievement of additional rental income will not be required, as we have achieved the target.
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Total Directly Controllable (Income)/Expenditure	29,714	327,440	297,726
Indirect Expenditure	460	460	0
Net (Income)/Expenditure	30,174	327,900	297,726

OFFICE SERVICES TEAM

Direct Expenditure	1,434,050	1,471,550	37,500 There are salary savings resulting from vacancies. There are unbudgeted internal decoration costs at Millmead Lodge, and higher than budgeted repairs and maintenance at Home Farm, Stoke Park, River View Lodge, St Mary's Terrace and Old Millmead. The electricity budget was reduced to reflect a previous growth bid which would have seen the data centre move off site, the result of which is an overspend of £20,000. The catering contract is expected to outturn £11,200 over budget and furniture £15,000.
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Income	(1,849,460)	(1,908,862)	(59,402) Surrey County Council rent will be £17,000 higher than budgeted and we have received £9,100 from central government for the PCC elections and the EU referendum. The reprographics support service recharge is projected to be overachieved by £35,000.
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Total Directly Controllable (Income)/Expenditure	(415,410)	(437,312)	(21,902)
Indirect Expenditure	478,180	483,351	5,171
Net (Income)/Expenditure	62,770	46,039	(16,731)

RESOURCES

Revised Budget Projected Outturn
2016-2017 2016-2017

Variance

Appendix 2

Payments and Payroll

Direct Expenditure	127,250	178,803	51,553	Salary savings built into the estimates will not be achieved in 2016-17, but the implications will be incorporated into a wider service restructuring which will deliver savings in 2017-18.
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Income	(210,200)	(210,256)	(56)	
Total Directly Controllable (Income)/Expenditure	(82,950)	(31,453)	51,497	
Indirect Expenditure	40,940	40,972	32	
Net (Income)/Expenditure	(42,010)	9,519	51,529	

NON DISTRIBUTED COSTS

Direct Expenditure	2,227,680	2,227,680	0	
Total Directly Controllable (Income)/Expenditure	2,227,680	2,227,680	0	
Indirect Expenditure	160	160	0	
Net (Income)/Expenditure	2,227,840	2,227,840	0	

WEBSITE

Direct Expenditure	323,120	284,533	(38,587)	There are savings in website maintenance, development and licence costs.
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Total Directly Controllable (Income)/Expenditure	323,120	284,533	(38,587)	
Indirect Expenditure	34,270	34,302	32	
Net (Income)/Expenditure	357,390	318,835	(38,555)	

2014-15 Actual £	2015-16 Draft Actual £	Analysis	2016-17 Estimate £	2016-17 Projection £
		Borough Housing Services		
651,611	684,835	Income Collection	653,540	626,731
946,030	961,285	Tenants Services	934,070	901,734
128,403	94,149	Tenant Participation	145,290	70,047
69,481	71,964	Garage Management	69,680	66,932
62,502	63,133	Elderly Persons Dwellings	76,500	70,225
526,690	566,292	Flats Communal Services	447,100	445,824
461,658	414,610	Environmental Works to Estates	560,770	552,638
4,365,787	4,752,742	Responsive & Planned Maintenance	5,092,260	4,968,407
131,157	136,164	SOCH & Equity Share Administration	117,990	136,131
7,343,319	7,745,173		8,097,200	7,838,669
		Strategic Housing Services		
367,945	398,983	Advice, Registers & Tenant Selection	356,810	355,931
189,835	191,815	Void Property Management & Lettings	186,420	183,038
8,161	7,360	Homelessness Hostels	7,930	7,836
214,176	217,176	Supported Housing Management	204,870	188,000
363,535	430,396	Strategic Support to the HRA	471,550	432,418
1,143,652	1,245,728		1,227,580	1,167,224
		Community Services		
885,118	897,939	Sheltered Housing	883,050	845,265
		Other Items		
5,952,153	6,437,625	Depreciation	5,000,000	5,000,000
(22,462,367)	(1,156,635)	Impairment	0	0
104,786	85,409	Debt Management	154,650	154,650
0	0	Rent Rebates	0	0
163,913	154,473	Other Items	506,970	506,970
(6,869,426)	15,409,712	Total Expenditure	15,869,450	15,512,777
(32,275,406)	(32,592,728)	Income	(32,331,290)	(32,364,745)
(39,144,832)	(17,183,017)	Net Cost of Services(per inc & exp a/c)	(16,461,840)	(16,851,968)
232,550	241,767	HRA share of CDC	241,740	241,740
(38,912,282)	(16,941,250)	Net Cost of HRA Services	(16,220,100)	(16,610,228)
(178,802)	(332,979)	Investment Income	(481,030)	(386,175)
5,077,365	5,173,010	Interest Payable	5,130,890	5,080,000
(34,013,719)	(12,101,219)	Deficit for Year on HRA Services	(11,570,240)	(11,916,403)
0	0	Amortised Premiums & Discounts	0	0
0	0	REFCUS - Revenue expenditure funded from capital	75,000	75,000
210,000	0	VRP-Voluntary Revenue Provision (corporation club)	0	0
2,500,000	2,500,000	Contrib to/(Use of) RFFC	2,500,000	2,500,000
5,359,879	8,435,425	Contrib to/(Use of) New Build Reserve	8,995,240	9,341,403
3,313,022	0	CERA - Capital Expenditure from Revenue	0	0
180,302	31,451	Tfr (fr) to Pensions Reserve	0	0
22,462,367	1,156,635	Tfr (from)/to CAA re: Impairment/Revaluation	0	0
(11,850)	(22,292)	Tfr (from)/to CAA re: rev. inc. from sale of asset	0	0
0	0	HRA Balance	0	0
(2,500,000)	(2,500,000)	Balance Brought Forward	(2,500,000)	(2,500,000)
(2,500,000)	(2,500,000)	Balance Carried Forward	(2,500,000)	(2,500,000)

2014-15 Actual £	2015-16 Draft Actual £	Analysis	2016-17 Estimate £	2016-17 Projection £
		Income		
(29,507,308)	(29,937,928)	Rent Income - Dwellings	(29,604,000)	(29,678,938)
(203,864)	(203,864)	Rent Income - Rosebery Hsg Assoc	(234,840)	(228,000)
(181,109)	(194,792)	Rents - Shops, Buildings etc	(181,110)	(168,930)
(662,500)	(661,341)	Rents - Garages	(712,000)	(732,057)
(30,554,781)	(30,997,925)	Total Rent Income	(30,731,950)	(30,807,925)
(359,506)	(300,297)	Supporting People Grant	(280,000)	(280,000)
(896,176)	(970,273)	Service Charges	(967,920)	(967,690)
(78,871)	(27,549)	Legal Fees Recovered	(25,000)	(14,000)
(1,211)	0	Council Tax Recovered	(1,250)	(1,250)
(50,488)	(39,590)	Service Charges Recovered	(53,990)	(57,050)
(334,373)	(257,094)	Miscellaneous Income	(271,180)	(236,830)
(32,275,406)	(32,592,728)	Total Income	(32,331,290)	(32,364,745)

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Ref	Directorate/Service and Capital Scheme name	Approved gross estimate	Cumulative spend at 31-03-16	2016-17				2017-18 Est for year	2018-19 Est for year	2019-20 Est for year	2020-21 Est for year	2021-22 Est for year	Future years est exp	Projected expenditure total	Grants / Contributions towards cost of scheme	Net cost of scheme
				Estimate approved by Council in February	Revised estimate	Expenditure at 30-11-16	Projected exp est by project officer									
APPROVED SCHEMES																
COMMUNITY																
Neighbourhood & housing management																
P5	Gypsy & Traveller (Ash bridge)	921	902	-	19	19	18	-	-	-	-	-	-	920	(432)	488
P2	Safer Guildford: CCTV & Lighting Strategy - Lighting Strategy phase 3	116	105	-	11	-	11	-	-	-	-	-	-	116	-	116
P2(a)	Lighting: Cabell Rd	8	5	-	3	-	3	-	-	-	-	-	-	8	(3)	5
P3	Safer Guildford: CCTV & Lighting Strategy - Lighting Strategy phase 4	136	123	-	13	-	13	-	-	-	-	-	-	136	(6)	130
HC3	Furniture link guildford	30	-	-	30	-	30	-	-	-	-	-	-	30	-	30
ED30	Home Farm, Effingham - provision of Gypsy and Traveller pitches	1,000	17	900	983	9	328	655	-	-	-	-	655	1,000	-	1,000
Housing Advice																
DFGs etc																
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
COMMUNITY DIRECTORATE TOTAL		2,211	1,150	900	1,059	28	403	655	0	0	0	0	655	2,208	(441)	1,767
CORPORATE																
no projects																
DEVELOPMENT																
Economic development																
ED3/15	Disabled Access (DDA) Improvements: ph.2 & 3	405	313	75	92	28	50	42	-	-	-	-	42	405	-	405
ED10	Tyting Farm Planning Permission	70	70	-	-	-	-	-	-	-	-	-	-	70	-	70
ED14(e)	Void investment property refurbishment works	200	163	58	37	-	11	-	-	-	-	-	-	174	-	174
ED14a	14-15 Midleton, Building 1 refurbishment	-	-	-	-	6	6	-	-	-	-	-	-	6	-	6
ED14d	11 Midleton Refurb	-	-	-	-	8	8	-	-	-	-	-	-	8	-	8
ED14x	17 Enterprise Unit - Ash Vale refurb	-	-	-	-	2	2	-	-	-	-	-	-	2	-	2
ED14x	14 Enterprise Unit - Ash Vale refurb	-	-	-	-	1	1	-	-	-	-	-	-	1	-	1
ED14x	Brinell buildings (Boag) - refurb works	-	-	-	-	-	9	-	-	-	-	-	-	9	-	9
ED14x	5 High Street - refurb works	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
ED18	Museum and castle development	267	-	340	267	-	250	17	-	-	-	-	17	267	-	267
ED19	Asbestos surveys and removal in non-residential council premises	158	53	32	41	21	41	32	32	-	-	-	64	158	-	158
ED21	Methane gas monitoring system	100	31	61	69	9	69	-	-	-	-	-	-	100	-	100
ED22	Energy efficiency compliance - Council owned properties	25	4	-	21	3	21	-	-	-	-	-	-	25	-	25
ED23	Rebuild retaining wall on Shalford Park boundary with the Old Vicarage	60	-	-	60	1	60	-	-	-	-	-	-	60	-	60
ED24	Electric Theatre - replace neon sign	14	0	14	14	-	14	-	-	-	-	-	-	14	-	14
ED26	Bridges - Walnut Bridge	117	50	-	67	1	8	-	-	-	-	-	-	58	-	58
ED26a	Gunpowder Mills Bridges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
ED26b	Peasmarsh Common Bridge	-	-	-	-	19	19	-	-	-	-	-	-	19	-	19
ED26c	Bridges - Millmead Footbridge	-	-	-	-	4	2	-	-	-	-	-	-	2	-	2
ED26d	Bridges - Shalford Water Meadow	-	-	-	-	17	14	-	-	-	-	-	-	14	-	14

Ref	Directorate/Service and Capital Scheme name	Approved gross estimate	Cumulative spend at 31-03-16	2016-17				2017-18 Est for year	2018-19 Est for year	2019-20 Est for year	2020-21 Est for year	2021-22 Est for year	Future years est exp	Projected expenditure total	Grants / Contributions towards cost of scheme	Net cost of scheme
				Estimate approved by Council in February	Revised estimate	Expenditure at 30-11-16	Projected exp est by project officer									
		(a) £000	(b) £000	(c) £000	(d) £000	(e) £000	(f) £000							(b)+(g) = (h) £000	(i) £000	(h)-(i) = (j) £000
ED26e	Bridges - Ash Grn tread reps	-	-	-	-	-	-						-	-	-	-
ED26f	Bridges-Compton Common	-	-	-	-	0	0						-	0	-	0
ED26g	Bridges-Effingham Common	-	-	-	-	0	0						-	0	-	0
ED26h	Bridges-Kingston Meadows	-	-	-	-	0	0						-	0	-	0
ED26i	Bridges-Hollybush Pk, Ash Vale	-	-	-	-	0	0						-	0	-	0
ED26j	Bridges-Fox Corner, Worplesdon	-	-	-	-	4	4						-	4	-	4
ED26k	Bridges-Great Goodwin Drive	-	-	-	-	0	0						-	0	-	0
ED26l	Bridges-Heathfield, Send	-	-	-	-	0	0						-	0	-	0
ED26m	Bridges-Inner Quadrant Ashvale	-	-	-	-	1	1						-	1	-	1
ED26n	Bridges-Lakeside Nature Reserv	-	-	-	-	0	0						-	0	-	0
ED26o	Bridges-Land At Baird Drive	-	-	-	-	0	0						-	0	-	0
ED26p	Bridges-Merrow Common	-	-	-	-	0	0						-	0	-	0
ED26q	Bridges-Merrow Woods	-	-	-	-	0	0						-	0	-	0
ED26r	Bridges-Moore Close, Tongham	-	-	-	-	0	0						-	0	-	0
ED26s	Bridges-Tower Hill, Gomshall	-	-	-	-	0	0						-	0	-	0
ED26t	Bridges-Avondale Open Space	-	-	-	-	0	0						-	0	-	0
ED26u	Bridges-Rowan Field, Shawfield	-	-	-	-	0	0						-	0	-	0
ED26v	Bridges-Kingfisher Dr, Merrow	-	-	-	-	0	0						-	0	-	0
ED26v	Bridges-Parsonage Water Meadow	-	-	-	-	3	3						-	3	-	3
ED26w	Bridges-Greenark Biodiversity	-	-	-	-	0	0						-	0	-	0
	Bridges - School Meadow ParkBarn	-	-	-	-	1	1						-	1	-	1
	Bridges-Pirbright Common	-	-	-	-	9	9						-	9	-	9
	Bridges - Shalford Common	-	-	-	-	1	1						-	1	-	1
ED29	Guildford House courtyard	7	-	-	7	-	7	-	-	-	-	-	-	7	-	7
ED31	Acquisition of New House	1,200	-	-	1,200	106	1,200	-	-	-	-	-	-	1,200	-	1,200
ED35	Electric Theatre - new boilers	120	-	120	120	-	-	120	-	-	-	-	120	120	-	120
ED39	Gfd business incubation project	110	-	-	110	-	110	-	-	-	-	-	-	110	-	110
ED41	The Billings roof	200	-	50	50	5	50	150	-	-	-	-	150	200	-	200
ED42	Guildford house damproofing	20	-	20	20	-	20	-	-	-	-	-	-	20	-	20
ED43	Racks close	56	-	56	56	35	35	-	-	-	-	-	-	35	-	35
ED44	Broadwater cottage	74	-	74	74	-	74	-	-	-	-	-	-	74	-	74
ED45	Gunpowder mills - scheduled ancient monument	50	-	50	50	-	50	-	-	-	-	-	-	50	-	50
P1	PLANNING SERVICES Environmental Improvements: High Street / Chertsey St., Guildford	60	-	-	-	-	-	60	-	-	-	-	60	60	(20)	40
P4	Guildford Riverside Route Ph 1 (part SPA)	708	115	391	593	519	593	-	-	-	-	-	-	708	(708)	0
	DEVELOPMENT DIRECTORATE TOTAL	4,021	800	1,341	2,948	808	2,745	421	32	-	-	-	453	3,998	(728)	3,270
OP1	ENVIRONMENT Operational Services Safer Guildford: CCTV & Lighting Strategy - CCTV etc. phase 4	93	82	-	11	-	11	-	-	-	-	-	-	93	-	93
OP2	Land Drainage: Ash Green - flood relief works	346	294	-	52	44	52	-	-	-	-	-	-	346	(60)	286
OP3	Sluice Gates Motorisation at Town Mill Toll House	70	59	-	11	-	11	-	-	-	-	-	-	70	-	70
OP5	Mill Lane (Pirbright) Flood Protection Scheme	71	49	-	22	6	22	-	-	-	-	-	-	71	(50)	21
OP6	Vehicles, Plant & Equipment Replacement Programme	5,545	2,235	2,600	3,310	2,546	3,310	-	-	-	-	-	-	5,545	-	5,545
OP10/11	Guildford High Street imps - Pay SCC	304	305	304	-	-	-	-	-	-	-	-	-	305	-	305
	Ash Surface Water (grant funded)	22	22	-	-	-	-	-	-	-	-	-	-	22	(22)	0
	William Road Flood (grant funded)	15	15	-	-	-	-	-	-	-	-	-	-	15	(15)	0

Ref	Directorate/Service and Capital Scheme name	Approved gross estimate	Cumulative spend at 31-03-16	2016-17				2017-18 Est for year	2018-19 Est for year	2019-20 Est for year	2020-21 Est for year	2021-22 Est for year	Future years est exp	Projected expenditure total	Grants / Contributions towards cost of scheme	Net cost of scheme
				Estimate approved by Council in February	Revised estimate	Expenditure at 30-11-16	Projected exp est by project officer									
OP19	Flexford Flood (EA grant)	50	24	-	26	39	26	-	-	-	-	-	50	(3)	47	
Opxx	Ashenden rd (EA grant)	3	3	-	-	-	-	-	-	-	-	-	3	(3)	0	
OP20	Flood resilience measures (use in conjunction with grant funded schemes)	100	-	100	100	-	-	100	-	-	-	100	100	-	100	
OP22	Litter bins replacement	265	25	200	240	1	10	230	-	-	-	230	265	-	265	
OP23	Flats recycling - new bins	50	-	50	50	16	50	-	-	-	-	-	50	-	50	
OP24	WRD security barriers	15	-	15	15	-	15	-	-	-	-	-	15	-	15	
OP25	WRD roads and footpaths	150	-	100	100	51	50	100	-	-	-	100	150	-	150	
OP26	Merrow lane grille & headwall construction	60	-	60	60	-	60	-	-	-	-	-	60	-	60	
OP27	Merrow & Burpham surface water study	15	-	15	15	-	15	-	-	-	-	-	15	-	15	
OP28	Crown court CCTV	10	-	10	10	-	10	-	-	-	-	-	10	-	10	
	Parks and Leisure															
PL4	Crematorium - mercury abatement/new cremators	1,017	947	40	70	12	70	-	-	-	-	-	1,017	-	1,017	
PL5	Improvement of Security at Guildford Crematorium - COMPLETE	24	15	-	9	1	9	-	-	-	-	-	24	-	24	
PL11	Spectrum Roof replacement	4,000	30	2,769	2,739	14	150	3,420	-	-	-	3,420	3,600	-	3,600	
	Spectrum roof - steelwork ph2	-	-	-	-	66	400	-	-	-	-	-	400	-	400	
PL15	Infrastructure works: Guildford Commons	150	-	150	150	-	-	-	-	-	-	-	-	-	-	
PL15(a)	Infrastructure works: Guildford Commons: Merrow	-	-	-	-	10	13	10	-	-	-	10	23	-	23	
PL15(b)	Infrastructure works: Guildford Commons: Shalford	-	-	-	-	51	67	40	16	-	-	56	123	-	123	
PL15(c)	Infrastructure works: Guildford Commons: Compton	-	-	-	-	-	4	-	-	-	-	-	4	-	4	
PL20(a)	Onslow Rec play area	150	-	-	150	141	150	-	-	-	-	-	150	-	150	
PL21(a)	Council tennis courts refurbishment - Kingston meadows	117	93	42	24	-	24	-	-	-	-	-	117	-	117	
PL22	Stoke Park Paddling Pool (ph1&2)	423	252	-	171	113	171	-	-	-	-	-	423	-	423	
PL26	Replacement roundabout planters	50	-	-	20	-	20	-	-	-	-	-	20	-	20	
PL34	Stoke cemetery re-tarmac	47	-	47	47	-	47	-	-	-	-	-	47	-	47	
PL35	Woodbridge rd sportsground replace fencing	160	-	160	160	36	160	-	-	-	-	-	160	-	160	
PL36	Stoke Park Composting facility	105	-	105	105	-	-	105	-	-	-	105	105	-	105	
PL37	Worplesdon rd allotments - new boundary fence	15	-	15	15	10	10	-	-	-	-	-	10	-	10	
PL38	Chantry wood campsite	216	-	216	216	1	16	200	-	-	-	200	216	(116)	100	
PL40	Replace hanging basket posts	88	-	88	88	-	88	-	-	-	-	-	88	(44)	44	
PL42	Pre-sang costs	100	-	-	100	-	100	-	-	-	-	-	100	-	100	
	ENVIRONMENT TOTAL DIRECTORATE	13,846	4,450	7,086	8,086	3,159	5,141	4,205	16	-	-	-	4,221	13,812	(313)	13,499
	RESOURCES															
BS1	Business Systems Investment in Millmead House campus	3,884	3,476	-	408	306	408	-	-	-	-	-	3,884	-	3,884	
FS1	Financial Services Capital contingency fund	3,620	-	5,000	3,620	-	3,620	-	-	-	-	-	3,620	-	3,620	
HC1	RESOURCES DIRECTORATE TOTAL	7,504	3,476	5,000	4,028	306	4,028	0	0	0	0	0	7,504	0	7,504	
ED25	DEVELOPMENT/INCOME GENERATING/COST REDUCTION PROJECTS Guildford Park - new MSCP and infrastructure works	6,500	-	6,500	6,500	264	2,000	4,500	-	-	-	-	4,500	6,500	-	6,500

Ref	Directorate/Service and Capital Scheme name	Approved gross estimate	Cumulative spend at 31-03-16	2016-17				2017-18 Est for year	2018-19 Est for year	2019-20 Est for year	2020-21 Est for year	2021-22 Est for year	Future years est exp	Projected expenditure total	Grants / Contributions towards cost of scheme	Net cost of scheme
				Estimate approved by Council in February	Revised estimate	Expenditure at 30-11-16	Projected exp est by project officer									
		(a) £000	(b) £000	(c) £000	(d) £000	(e) £000	(f) £000									
ED31	Asset Investment Fund	26,580	17,980	-	8,600	-	-	-	-	-	-	-	17,980	-	17,980	
ED31	Wey House	-	-	-	-	23,832	24,231	-	-	-	-	-	24,231	-	24,231	
ED32(f)	1-3 Bridge Street (Armour buildings)	-	3,076	-	-	31	31	-	-	-	-	-	3,107	-	3,107	
	Brinnell Building (BOAG)	-	1,572	-	-	38	38	-	-	-	-	-	1,610	-	1,610	
	9 Middleton	-	-	-	526	-	526	-	-	-	-	-	526	-	526	
ED40	Private let accommodation works	200	-	200	200	-	200	-	-	-	-	-	200	-	200	
ED32	Clay lane link road	700	528	-	172	80	172	-	-	-	-	-	700	-	700	
ED6	Slyfield Area Regeneration Project (SARP)	1,984	63	500	921	54	1,921	-	-	-	-	-	1,984	-	1,984	
ED27	North Street Development / Guild Town Centre regeneration	949	371	350	405	40	405	100	100	-	-	200	976	(50)	926	
ED27a	Pop up Village	329	-	-	553	483	553	-	-	-	-	-	553	-	553	
P5	Land adj Walnut Bridge	3,341	126	2,196	2,646	11	305	1,884	1,026	-	-	2,910	3,341	(491)	2,850	
P9c	TCMP Sites U: Bedford Rd Wharf	14,176	-	14,176	14,176	-	-	14,176	-	-	-	-	14,176	-	14,176	
P9c	TCMP Sites U: Bedford Rd Wharf	3,523	-	3,523	3,523	-	-	3,523	-	-	-	-	3,523	-	3,523	
PL9	Rebuild Crematorium	10,040	13	174	527	84	527	3,410	6,020	70	-	-	9,500	-	10,040	
PL25	Spectrum Combined Heat and Power (GF contr)	1,200	-	869	869	0	-	869	-	-	-	-	869	-	869	
PL29	Woodbridge Rd sportsground	1,900	-	-	200	139	750	1,150	-	-	-	-	1,150	(796)	1,104	
HC1	DEVELOPMENT/INCOME GENERATING/COST REDUCTION	71,422	23,730	28,488	39,818	25,056	31,659	29,612	7,146	70	0	0	36,828	(1,337)	90,880	
	APPROVED SCHEMES TOTAL	99,004	33,607	42,815	55,939	29,357	43,976	34,893	7,194	70	0	0	42,157	(2,820)	116,920	

Ref	Directorate / Service Units Capital Schemes	Gross estimate approved by Executive £000	Cumulative spend at 31-03-16 £000	Estimate approved by Council in February £000	Rolled over £000	Supp Ests	2016-17				2017-18 Est for year £000	2018-19 Est for year £000	2019-20 Est for year £000	2020-21 Est for year £000	2021-22 Est for year £000	2022-23 Est for year £000	2023-24 Est for year £000	2024-25 Est for year £000	Future years estimated expenditure £000	Projected expenditure total £000	Grants or Contributions towards cost of scheme £000	Net total cost of scheme to the Council £000
							Virements £000	Revised estimate £000	Expenditure at 30-11-16 £000	Projected exp est by project officer £000												
PROVISIONAL SCHEMES (schemes approved in principle; further report to the Executive required)																						
COMMUNITY DIRECTORATE																						
N&HM1(P)	Provision of a single gypsy pitch at Wyke Avenue	158	-	158	-	-	-	158	-	-	-	-	-	-	-	-	-	-	-	-	(20)	(20)
COMMUNITY DIRECTORATE TOTAL		158	-	158	-	-	-	158	-	-	-	-	-	-	-	-	-	-	-	-	(20)	(20)
CORPORATE DIRECTORATE no projects																						
CORPORATE DIRECTORATE TOTAL		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
DEVELOPMENT DIRECTORATE																						
ED14(P)	Void investment property refurbishment works	500	-	200	-	-	-	200	-	200	-	-	-	-	-	-	-	-	300	500	-	500
ED18(P)	Museum and castle development	1,997	-	173	-	-	-	173	-	-	1,880	117	-	-	-	-	-	-	1,997	1,997	-	1,997
ED21(P)	Methane gas monitoring system	150	-	150	-	-	-	150	-	150	-	-	-	-	-	-	-	-	-	150	-	150
ED22(P)	Energy efficiency compliance - Council owned properties	1,150	-	230	-	-	-	230	-	-	920	230	-	-	-	-	-	-	1,150	1,150	-	1,150
ED26(P)	Bridges	570	-	570	-	-	-	570	-	-	570	-	-	-	-	-	-	-	570	570	-	570
ED45(P)	Gunpowder mills - scheduled ancient monument	172	-	172	-	-	-	172	-	172	-	-	-	-	-	-	-	-	-	172	-	172
P6(P)	Guildford Riverside Route PH 2&3	2,400	-	2,400	-	-	-	2,400	-	-	2,400	-	-	-	-	-	-	-	2,400	2,400	(2,400)	-
ED46(P)	New House - short term works following acquisition	70	-	-	70	-	-	70	-	70	-	-	-	-	-	-	-	-	-	70	-	70
DEVELOPMENT DIRECTORATE TOTAL		7,009	-	3,895	70	-	-	3,965	-	592	5,870	447	100	-	-	-	-	-	6,417	7,009	(2,400)	4,609
ENVIRONMENT DIRECTORATE																						
OP5(P)	Mill Lane (Pirbright) Flood Protection Scheme	200	-	-	200	-	-	200	-	200	-	-	-	-	-	-	-	-	-	200	(20)	180
OP15(P)	Vehicles, Plant & Equipment Replacement Programme	5,900	-	-	-	-	-	-	-	-	300	600	4,000	1,000	-	-	-	-	5,900	5,900	-	5,900
OP17(P)	New vehicle washing system	155	-	-	155	-	-	155	-	-	155	-	-	-	-	-	-	-	155	155	-	155
OP21(P)	Surface water management plan	200	-	-	200	-	-	200	-	200	-	-	-	-	-	-	-	-	-	200	-	200
PL12(P)	Spectrum schemes to be agreed with Freedom Leisure	700	-	700	-	-	-	700	-	-	700	-	-	-	-	-	-	-	700	700	-	700
PL16(P)	New burial grounds - acquisition & development	1,764	20	1,750	(6)	-	-	1,744	6	44	1,700	-	-	-	-	-	-	-	1,700	1,764	-	1,764
PL18(P)	Refurbishment / rebuild Sutherland Memorial Park Pavilion	150	-	50	-	-	-	50	-	-	150	-	-	-	-	-	-	-	150	150	-	150
PL20(P)	Council owned playground refurbishment	420	-	100	-	-	-	100	-	100	125	100	120	-	-	-	-	-	345	445	-	445
PL21(P)	Council tennis courts refurbishment	295	-	80	-	-	-	80	-	80	215	-	-	-	-	-	-	-	215	295	(10)	285
PL24(P)	Kings college astro turf	100	-	100	-	-	-	100	-	100	-	-	-	-	-	-	-	-	-	100	-	100
PL32(P)	Stoke Park Bowls Club	35	-	35	-	-	-	35	-	35	-	-	-	-	-	-	-	-	-	35	-	35
PL39(P)	Aldershot rd allotment expansion & improvement	200	-	200	-	-	-	200	-	200	-	-	-	-	-	-	-	-	-	200	-	200
PL41(P)	Stoke pk office accomodation & storage buildings	730	-	605	-	-	-	605	-	105	625	-	-	-	-	-	-	-	625	730	-	730
ENVIRONMENT DIRECTORATE TOTAL		10,849	20	3,620	549	-	-	4,169	6	1,064	3,970	700	4,120	1,000	-	-	-	-	9,790	10,874	(30)	10,844
RESOURCES DIRECTORATE																						
BS2(P)	Millmead House Toilet refurb	121	-	121	-	-	-	121	7	121	-	-	-	-	-	-	-	-	-	121	-	121
CD3(P)	Renewables	65	-	65	-	-	-	65	-	65	-	-	-	-	-	-	-	-	-	65	-	65
RESOURCES DIRECTORATE TOTAL		186	-	186	-	-	-	186	7	186	-	-	-	-	-	-	-	-	-	186	-	186
DEVELOPMENT/INCOME GENERATING/COST REDUCTION PROJECTS																						
ED25(P)	Guildford Park new MSCP and infrastructure works	23,125	-	4,885	-	-	-	4,885	-	-	11,645	6,980	4,500	-	-	-	-	-	23,125	23,125	-	23,125
ED32(P)	Clay lane link road	10,439	-	10,339	-	-	-	10,339	-	1,000	100	9,339	-	-	-	-	-	-	9,439	10,439	(1,340)	9,099
ED16(P)	Slyfield Area Regeneration Project (SARP) (GBC share)	103,680	-	58	-	-	-	58	-	58	15,000	15,000	15,000	16,000	15,000	15,000	24,195	(11,572)	103,623	103,681	-	103,681
ED38(P)	North Street development	21,134	-	21,134	-	-	-	21,134	-	500	-	20,634	-	-	-	-	-	-	20,634	21,134	-	21,134
P7(P)	Transport schemes for future Local Growth Fund and other funding opportunities	4,000	-	4,000	-	-	-	4,000	-	-	4,000	-	-	-	-	-	-	-	4,000	4,000	(3,500)	500
P8(P)	Town centre transport infrastructure package	217	-	620	-	-	(403)	217	-	-	217	-	-	-	-	-	-	-	217	217	-	217
P9(P)	Major projects unit	69,793	-	8,177	-	-	-	8,177	-	-	23,543	31,250	5,000	5,000	-	-	-	-	64,793	64,793	-	64,793
P9a(P)	TCMP Sites A-F: 56 Church rd pre development design work	350	-	350	-	-	-	350	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Ref	Directorate / Service Units Capital Schemes	Gross estimate approved by Executive £000	Cumulative spend at 31-03-16 £000	Estimate approved by Council in February £000	Rolled over £000	Supp Ests	2016-17				2017-18 Est for year £000	2018-19 Est for year £000	2019-20 Est for year £000	2020-21 Est for year £000	2021-22 Est for year £000	2022-23 Est for year £000	2023-24 Est for year £000	2024-25 Est for year £000	Future years estimated expenditure £000	Projected expenditure total £000	Grants or Contributions towards cost of scheme £000	Net total cost of scheme to the Council £000
							Virements £000	Revised estimate £000	Expenditure at 30-11-16 £000	Projected exp est by project officer £000												
P9b(P)	TCMP Sites V1: Portsmouth rd CP conversion to Riverside park	700	-	700	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
P9c(P)	TCMP Sites U: Bedford Rd Wharf	2474	-	1797	-	-	-	-	-	2474	-	-	-	-	-	-	-	-	-	-	-	-
P9d(P)	TCMP non-council owned and other TC opportunity development sites - land acquisition	30000	-	10000	-	-	-	-	-	5000	5000	5000	5000	-	-	-	-	-	-	-	-	-
P9e(P)	Beechcroft rd	1350	-	100	-	-	-	-	-	-	1250	-	-	-	-	-	-	-	-	-	-	-
P9f(P)	Major & minor road improvement schemes predevelopment work to be funded by LEP/SCC & CIL	550	-	550	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
P9g(P)	TCMP site AF: 56 Church Rd - development costs	4369	-	-	-	-	-	-	-	4369	-	-	-	-	-	-	-	-	-	-	-	-
P9h(P)	Ash bridge, tesco roundabout, gyratory and other major road schemes	25000	-	-	-	-	-	-	-	-	25000	-	-	-	-	-	-	-	-	-	-	-
	Additional Parking Space Mary Rd & Millbrook Car Parks; Option 1: Mary Road decking (Option 3 being the more expensive option has been included in the figures)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
OP13(P)	Option 2: Millbrook decking	1,025	-	-	-	-	-	-	-	-	-	1,025	-	-	-	-	-	-	1,025	1,025	-	1,025
OP14(P)	Option 3: Mary Road Multi Storey (this more expensive option has been included in the figures)	5,565	-	-	-	-	-	-	-	-	-	5,565	-	-	-	-	-	-	5,565	5,565	-	5,565
DPMENT/INCOME GENERATING/COST REDUCTION PROJECTS TOTAL		238,978	-	49,213	-	-	(403)	48,810	-	1,558	54,505	83,203	31,090	21,000	15,000	15,000	24,195	(11,572)	232,421	233,979	(4,840)	229,139
PROVISIONAL SCHEMES - GRAND TOTALS		257,180	20	57,072	619	-	(403)	57,288	13	3,400	64,345	84,350	35,310	22,000	15,000	15,000	24,195	(11,572)	248,628	252,048	(7,290)	244,758

Agenda item number: 5
Appendix 5

Ref	Service Units / Capital Schemes	Approved gross estimate	Cumulative spend at 31-03-16	Estimate approved by Council in February	2016-17				Projected exp est by project officer	2017-18 Est for year	2018-19 Est for year	2019-20 Est for year	2020-21 Est for year	2021-22 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
					Rolled over	Virements	Revised estimate	Expenditure at 30-11-16											
APPROVED SCHEMES (fully funded from S106 contributions)																			
ENVIRONMENT DIRECTORATE																			
S-PL1	Woodbridge Meadow Artwork	104	58	-	46	-	46	45	46	-	-	-	-	-	-	104	(104)	-	-
S-PL2	G Live Artwork	34	32	-	2	-	2	-	2	-	-	-	-	-	-	34	(34)	-	-
S-PL3	Art Print Hse Sq (Sculpture Martyr Rd)	36	25	-	11	-	11	-	11	-	-	-	-	-	-	36	(36)	-	-
S-PL7	Tilehouse Open Space - Playground Refurbishment & Fitness Equipment	132	102	-	30	-	30	-	30	-	-	-	-	-	-	132	(132)	-	-
S-PL8	Briars Playground Refurb	10	-	-	10	-	10	-	10	-	-	-	-	-	-	10	(10)	-	-
S-PL13	Stoke Recreation Ground play area	41	37	-	4	-	4	-	4	-	-	-	-	-	-	41	(41)	-	-
S-PL17	Bushy Hill Facilities	27	16	-	11	-	11	-	11	-	-	-	-	-	-	27	(27)	-	-
S-PL23	75-78 Woodbridge Rd	15	4	-	11	-	11	-	11	-	-	-	-	-	-	15	(15)	-	-
S-PL24	Woodbridge Meadow Public Art	70	-	-	-	-	-	-	-	-	-	-	-	-	-	70	(70)	-	-
S-PL29	Greening the approaches - roundabouts	40	-	-	40	-	40	10	40	-	-	-	-	-	-	40	(40)	-	-
S-PL33	Installation of trampoline play equipment	11	-	-	11	-	11	-	11	-	-	-	-	-	-	11	(11)	-	-
S-PL36	Gunpowder mills - signage, access and woodland imp	16	6	-	10	-	10	5	10	-	-	-	-	-	-	16	(16)	-	-
S-PL37	Ripley PC bowls club	9	-	-	9	-	9	50	9	-	-	-	-	-	-	9	(9)	-	-
S-PL40	Ripley PC skate ramp	47	22	25	-	-	25	-	25	-	-	-	-	-	-	47	(47)	-	-
S-PL42	Sutherland memorial park public art project	23	-	-	23	-	23	14	23	-	-	-	-	-	-	23	(23)	-	-
S-PL43	Extension to Village hall CP, West Clandon	16	-	-	16	-	16	16	16	-	-	-	-	-	-	16	(16)	-	-
S-PL44	Ash Skate Park	55	-	-	-	55	55	54	55	-	-	-	-	-	-	55	(55)	-	-
S-PL45	Sutherland memorial park MUGA	16	-	-	-	16	16	12	16	-	-	-	-	-	-	16	(16)	-	-
S-PL46	Shalford Park Pavilion Improvements	23	-	-	-	23	23	-	23	-	-	-	-	-	-	23	(23)	-	-
	Greenhouse demolition at Stoke Park nursery							0	0										-
ENVIRONMENT DIRECTORATE TOTAL		725	302	25	234	94	353	205	353	-	-	-	-	-	-	725	(725)	-	-
APPROVED SCHEMES continued (fully funded from S106 contributions)																			
DEVELOPMENT DIRECTORATE																			
S-P1	Haydon Place / Martyr Road	67	64	-	3	-	3	-	3	-	-	-	-	-	-	67	(67)	-	-
S-P3	North Street Rejuvenation Project	489	257	232	-	-	232	-	-	232	-	-	-	232	-	489	(489)	-	-
S-P5	Falcon Rd Guildford	6	-	-	6	-	6	-	6	-	-	-	-	-	-	6	(6)	-	-
S-P7	Woodbridge meadows	243	24	-	220	-	220	-	220	-	-	-	-	-	-	244	(244)	-	-
S-P8	Woodbridge Hill environmental improvements	226	17	-	210	-	210	30	30	180	-	-	-	180	-	227	(227)	-	-
S-P10	G Live Lighting and Signage York Road	32	23	-	9	-	9	-	9	-	-	-	-	-	-	32	(32)	-	-
S-P11	G Live Bus stop/drop off point	11	4	-	7	-	7	-	7	-	-	-	-	-	-	11	(11)	-	-
S-P12	Espom Rd/Boxgrove Road	150	87	63	-	-	63	-	63	-	-	-	-	-	-	150	(150)	-	-
S-P13	Kingpost Parade car park	20	19	-	2	-	2	-	2	-	-	-	-	-	-	21	(21)	-	-
S-P14	Bridge Street Waymarking	5	1	-	4	-	4	-	4	-	-	-	-	-	-	5	(5)	-	-
DEVELOPMENT DIRECTORATE TOTOAL		1,249	495	295	461	-	756	30	344	412	-	-	-	-	412	1,251	(1,251)	-	-
APPROVED S106 SCHEMES TOTAL		2,169	990	320	695	94	1,109	235	697	412	-	-	-	-	412	2,172	(2,172)	-	-

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Item No.	Code	Projects & Sources of Funding	Approved gross estimate £000	Cumulative spend at 31-03-16 £000	2016-17					2017-18 Est for year £000	2018-19 Est for year £000	2019-20 Est for year £000	2020-21 Est for year £000	2021-22 Est for year £000	Future years est exp £000	Projected expenditure total £000	
					Estimate approved by Council in February £000	Rolled over £000	Virements £000	Revised estimate £000	Expenditure at 30-11-16 £000								Projected exp est by project officer £000
		RESOURCES DIRECTORATE															
	P59...	<u>ENERGY PROJECTS per SALIX RESERVE:</u>			85				85	-					-	85	
R-EN10	P59034	LED Lighting replacement	80	49	-	31		31	-	-	-	-	-	-	-	80	
R-EN11		WRD energy reduction	70	-	-	70		70	-	-	-	-	-	-	-	70	
		<u>ENERGY PROJECTS per GBC INVEST TO SAVE RESERVE:</u> <u>GBC 'Invest to Save' energy projects (to be repaid in line with savings)</u>			120	44		164	164	-					-		
R-EN3		Spectrum - Absorption chiller	90	-	90	-	90	-	90	-					-	90	
R-EN4	P59103	Millmead - replace lighting	100	100	100	-	-	-	-	-					-	100	
R-EN12	P59102	PV/energy efficiency projects	100	2	-	98	-	98	-	-	-	-	-	-	-	100	
		ENERGY RESERVES TOTAL	440	151	395	243	-	453	-	538	-	-	-	-	-	525	
		BUDGET PRESSURES RESERVE															
R-BP1	P79999	Surreysave Credit Union - purchase of shares	100	50	50	-	-	50	-	50	-	-	-	-	-	100	
R-BP2	P79998	Limnerslease - watts gallery loan	125	-	-	125	-	125	125	125	-	-	-	-	-	125	
		BUDGET PRESSURES RESERVE TOTAL	225	50	50	125	-	175	125	175	-	-	-	-	-	225	
		<u>LABGI RESERVE</u>															
R-LB1	P79024	Bedford Rd Bus Station	250	59	191	-	-	191	-	-	191	-	-	-	191	250	
		LABGI RESERVE TOTAL	250	59	191	-	-	191	-	-	191	-	-	-	191	250	
		<u>INFORMATION TECHNOLOGY - IT Renewals Reserve : approved annually</u> Hardware / software budget			850	41		891	-	750	350	350	350	350	-	1,400	2,150
R-IT1	P81002	Hardware	annual	annual	-	-	-	-	16	16	-	-	-	-	-	16	
R-IT2	P81002	Software	annual	annual	-	-	-	-	115	115	-	-	-	-	-	115	
	P81029	Replace Ocella (Tascomi)							10	10							
		IT RENEWALS RESERVE TOTAL	-	-	850	41	-	891	141	891	350	350	350	350	-	1,400	2,281
		ENVIRONMENT DIRECTORATE															
		SPECTRUM RESERVE															
R-S10	P24028	Chiller Replacement & CHO absorption chiller	245	-	243	-	-	243	-	243	-	-	-	-	-	243	
R-S13	P24056	Lift controls - replacement	310	-	-	310	-	310	5	310	-	-	-	-	-	310	
		SPECTRUM RESERVE TOTAL	555	-	243	310	-	553	5	553	-	-	-	-	-	553	
		CAR PARKS RESERVE															
R-CP1	P37503	Car parks - install/replace pay-on-foot equipment	570	236	-	334	-	334	5	-	334	-	-	-	334	570	
R-CP2	P37507	Car parks - install/replace pay and display equipment	300	182	-	118	-	118	-	-	-	-	-	-	-	182	
		<u>Car Parks - Lighting & Electrical improvements:</u>															
R-CP3	P37506	- Bedford Road Lighting & Electrical	348	315	-	42	-	42	-	-	-	-	-	-	-	315	
R-CP4	P37508	- Leapale Road Lighting & Electrical	102	54	-	48	-	48	-	-	-	-	-	-	-	54	
R-CP13		- Castle, Farnham & York Rd Lighting	300	-	-	300	-	300	-	300	-	-	-	-	-	300	
		<u>Car parks - Deck surfacing:</u>															
R-CP8		- Castle car park	325	-	-	-	-	-	-	-	-	325	-	-	325	325	
R-CP9	P37510	- Farnham Road car park	550	501	-	49	-	49	-	-	-	-	-	-	-	501	
R-CP10		- Bedford Road	512	-	512	-	-	512	-	-	512	-	-	-	512	512	
R-CP11	P37512	Dilapidation works to Onslow House and Bedford Rd M	77	1	-	75	-	75	0	75	-	-	-	-	-	76	
R-CP12	P37511	Replacement of collapsed retaining wall Bright Hill	321	8	-	315	-	315	4	315	-	-	-	-	-	323	
R-CP14		Lift replacement	429	-	93	-	-	93	-	93	187	187	187	187	-	748	
R-CP15		Marrow P&R CCTV	50	-	50	-	-	50	-	50	-	-	-	-	-	50	
		CAR PARKS RESERVE TOTAL	3,884	1,296	655	1,281	-	1,936	8	833	1,033	512	187	187	-	1,919	3,636
		SPA RESERVE :															
	P20...	SPA schemes (various)	100	annual	100	65	-	165	-	165	100	-	-	-	100	265	

Item No.	Code	Projects & Sources of Funding	Approved gross estimate £000	Cumulative spend at 31-03-16 £000	Estimate approved by Council in February £000	Rollover £000	2016-17			Projected exp est by project officer £000	2017-18 Est for year £000	2018-19 Est for year £000	2019-20 Est for year £000	2020-21 Est for year £000	2021-22 Est for year £000	Future years est exp £000	Projected expenditure total £000
							Virements £000	Revised estimate £000	Expenditure at 30-11-16 £000								
R-SPA1	P201..	Chantry Woods							-							-	
R-SPA2	P202..	Effingham							-							-	
R-SPA3	P203..	Lakeside							1							-	
R-SPA4	P204..	Riverside							0							-	
R-SPA5	P205..	Parsonage							-							-	
R-SPA7		Access tracks at Chantry Wood	60	-	-	60		60	-	60						-	60
SPA RESERVE TOTAL			160	-	100	125	-	225	1	225	100	-	-	-	-	100	325
GRAND TOTALS			5,514	1,556	2,484	2,125	-	4,424	280	3,215	1,483	1,053	537	537	-	3,610	7,796

1.0 AVAILABILITY OF RESOURCES - NOTES :

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

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, dependnding upon the Council's financial situation at the time.

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)

	2015-16 Actuals £000	2016-17 Budget £000	2016-17 Est Outturn £000	2017-18 Estimate £000	2018-19 Estimate £000	2019-20 Estimate £000	2020-21 Estimate £000	2021-22 Estimate £000
Balance as at 1 April	3,971	0	0	0	0	0	0	0
Add estimated usable receipts in year	112	330	459	330	4,330	9,530	9,405	16,330
Less applied re funding of capital schemes	(4,083)	(330)	(459)	(330)	(4,330)	(9,530)	(9,405)	(15,330)
Balance after funding capital expenditure as at 31 March	0	0	0	0	0	0	0	1,000

GENERAL FUND CAPITAL PROGRAMME : SUMMARY OF RESOURCES AND FINANCIAL IMPLICATIONS

APPENDIX 8

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

Capital Schemes Reserve (*para.4 below*)

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

Total funding required

	2015-16 Actuals £000	2016-17 Budget £000	2016-17 Est Outturn £000	2017-18 Estimate £000	2018-19 Estimate £000	2019-20 Estimate £000	2020-21 Estimate £000	2021-22 Estimate £000
	16,279	42,815	43,976	34,893	7,194	70	0	0
	37	57,072	3,400	64,345	84,350	35,310	22,000	15,000
	268	320	697	412	0	0	0	0
	1,031	2,484	3,215	1,483	1,053	537	537	0
	932	3,627	3,627	740	740	740	740	740
Total estimated capital expenditure	18,547	106,318	54,915	101,873	93,337	36,657	23,277	15,740
To be funded by:								
Capital receipts (<i>per 2.above</i>)	(4,729)	(330)	(459)	(330)	(4,330)	(9,530)	(9,405)	(15,330)
Contributions	(1,071)	(1,347)	(3,501)	(3,915)	(1,121)	0	0	0
<u>R.C.C.O. :</u>								
Other reserves	(1,047)	(4,269)	(6,265)	(1,383)	(1,463)	(947)	(947)	(410)
Capital Schemes Reserve (<i>para.4 below</i>)	0	0	0	0	0	0	0	0
	(6,847)	(5,946)	(10,225)	(5,628)	(6,914)	(10,477)	(10,352)	(15,740)
Balance of funding to be met from (i) the Capital Reserve, and (ii) borrowing	(11,700)	(100,372)	(44,690)	(96,245)	(86,423)	(26,180)	(12,925)	0
Total funding required	(18,547)	(106,318)	(54,915)	(101,873)	(93,337)	(36,657)	(23,277)	(15,740)

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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

	2015-16 Actuals £000	2016-17 Budget £000	2016-17 Est Outturn £000	2017-18 Estimate £000	2018-19 Estimate £000	2019-20 Estimate £000	2020-21 Estimate £000	2021-22 Estimate £000
Balance as at 1 April	1,932	0	0	0	0	0	0	0
Add: General Fund Revenue Budget variations	0	0	0	0	0	0	0	0
Contribution from revenue	0	0	0	0	0	0	0	0
	1,932	0	0	0	0	0	0	0
Less: Applied re funding of capital programme	(1,932)	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

	9,768	100,372	44,690	96,245	86,423	26,180	12,925	0
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Agenda item number: 5
 Appendix 8

GENERAL FUND CAPITAL PROGRAMME : SUMMARY OF RESOURCES AND FINANCIAL IMPLICATIONS

APPENDIX 8

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

Balance as at 1 April (T01008)
 Add: Estimated receipts in year
 Less: Applied re Housing (General Fund) capital programme
 Less: Applied re Housing company
 Less: Applied re Housing Improvement programme

	2015-16 Actuals £000	2016-17 Budget £000	2016-17 Est Outturn £000	2017-18 Estimate £000	2018-19 Estimate £000	2019-20 Estimate £000	2020-21 Estimate £000	2021-22 Estimate £000
Balance as at 1 April (T01008)	17,452	17,204	17,276	14,251	14,061	13,871	13,681	13,491
Add: Estimated receipts in year	238	0	0	0	0	0	0	0
Less: Applied re Housing (General Fund) capital programme	(414)	(190)	(168)	(190)	(190)	(190)	(190)	(190)
Less: Applied re Housing company	0	(2,857)	(2,857)	0	0	0	0	0
Less: Applied re Housing Improvement programme								
	17,276	14,157	14,251	14,061	13,871	13,681	13,491	13,301
Less: Applied on regeneration schemes	0	(11,385)	0	0	0	0	0	0
Housing receipts - estimated balance in hand at year end	17,276	2,772	14,251	14,061	13,871	13,681	13,491	13,301

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

Balance as at 1 April (T01012)
 Add: Estimated receipts in year
 Less: Applied re Housing (General Fund) capital programme
 Less: Applied re Housing Improvement programme

Less: Applied on regeneration schemes

Housing receipts - estimated balance in hand

	2015-16 Actuals £000	2016-17 Budget £000	2016-17 Est Outturn £000	2017-18 Estimate £000	2018-19 Estimate £000	2019-20 Estimate £000	2020-21 Estimate £000	2021-22 Estimate £000
Balance as at 1 April (T01012)	4,228	3,423	3,451	294	24	(246)	(516)	(786)
Add: Estimated receipts in year	735	200	200	200	200	200	200	200
Less: Applied re Housing (General Fund) capital programme	(407)	(250)	(3,107)	(220)	(220)	(220)	(220)	(220)
Less: Applied re Housing Improvement programme	(1,105)	(250)	(250)	(250)	(250)	(250)	(250)	(250)
	3,451	3,123	294	24	(246)	(516)	(786)	(1,056)
Less: Applied on regeneration schemes	0	0	0	0	0	0	0	0
Housing receipts - estimated balance in hand	3,451	3,123	294	24	(246)	(516)	(786)	(1,056)

Total £'000s

6.1 Estimated annual borrowing requirement

Bids for funding (net)

Total estimated borrowing requirement if all bids on Appendix 1 approved

	9,768	88,987	44,690	96,245	86,423	26,180	12,925	0	266,462
Bids for funding (net)		0	0	(7,589)	27,558	39,775	59,690	5,750	125,884
Total estimated borrowing requirement if all bids on Appendix 1 approved		88,987	44,690	88,656	113,981	65,955	72,615	5,750	391,647

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GENERAL FUND HOUSING CAPITAL PROGRAMME

APPENDIX 9

	Approved Project Budget £000	Cumulative Spend at 31-03-15 £000	2016-17 Original Estimate £000	2016-17 Revised Estimate £000	2016-17 Actual @ xxxx £000	2016-17 Projected Outturn £000	2017-18 Estimate £000	2018-19 Estimate £000	2019-20 Estimate £000	2020-21 Estimate £000	2021-22 Estimate £000	Total scheme cost £000
EXPENDITURE - APPROVED PROGRAMME												
Grants												
Disabled Facilities Grants - mandatory	annual	annual	410	410	0	410	450	450	450	450	450	annual
Home Improvement Assistance	annual	annual	60	60	0	60	40	40	40	40	40	annual
Solar energy loans	annual	annual	30	30	0	30	30	30	30	30	30	annual
SHIP Scheme	annual	annual	20	20	0	20	0	0	0	0	0	annual
Total Disabled Facilities Grants			520	520	0	520	520	520	520	520	520	
Affordable Housing												
Acquisition of Land & Buildings			0	0	0	0	0	0	0	0	0	0
<u>Feasibility/Site Preparation (incl. decommission costs and home loss & disturbance payments):</u>												
- Garage Sites	0	92	0	0	0	0	0	0	0	0	0	92
- Lakeside Close, Ash	0	308	0	0	0	0	0	0	0	0	0	308
- New Road Gomshall	0	217	0	0	0	0	0	0	0	0	0	217
- Guildford Corporation Club	0	54	0	0	0	0	0	0	0	0	0	54
- Badymead / Fire station	0	38	0	0	0	0	0	0	0	0	0	38
- Guildford Park Car Park	0	62	0	0	0	0	0	0	0	0	0	62
- Appletree pub	0	0	0	0	0	0	0	0	0	0	0	0
General	annual	0	150	150	0	150	120	120	120	120	120	750
Housing delivery options (equity)	2,857	0	2,857	2,857	0	2,857	0	0	0	0	0	2,857
Total In-house affordable housing expenditure			3,007	3,007	0	3,007	120	120	120	120	120	
Affordable Housing - Grants:												
General Grants	annual	0	100	100	0	100	100	100	100	100	100	600
Total housing association affordable housing expenditure			100	100	0	100	100	100	100	100	100	
Total Expenditure to be financed			3,627	3,627	0	3,627	740	740	740	740	740	4,977

Note 1: Funding for development of these sites is included in the HRA statement

GENERAL FUND HOUSING CAPITAL PROGRAMME

FINANCING OF PROGRAMME

Specific Grants
 Housing Grant repayments
 Capital Receipts Reserve - pre 13-14
 Capital Receipts Reserve - post 13-14
Total Financing (= Total Expenditure)

2016-17 Original Estimate £000	2016-17 Revised Estimate £000	2016-17 Actual @ xxxx £000	2016-17 Projected Outturn £000
302	302	302	302
30	30	41	50
188	188	(343)	168
3,107	3,107	0	3,107
3,627	3,627	0	3,627

2017-18 Estimate £000	2018-19 Estimate £000	2019-20 Estimate £000	2020-21 Estimate £000	2021-22 Estimate £000
300	300	300	300	300
30	30	30	30	30
190	190	190	190	190
220	220	220	220	220
740	740	740	740	740

BALANCES

Usable Capital Receipts (T01008) pre 13-14

Balance b/f
 Estimated receipts - sale of dwellings
 Applied re DFG's capital programme (above)
 Applied re GF Hsg capital Programme
 Repaid re General Fund capital programme
 Balance c/f

2013-14 Actuals £000	2016-17 Original Estimate £000	2016-17 Revised Estimate £000	2016-17 Actual @ Outturn £000	2016-17 Projected Outturn £000
17,934	17,608	17,724	0	17,724
0	0	0	0	0
(210)	(188)	(188)	343	(168)
0	0	0	0	0
0	0	0	0	0
17,724	17,420	17,536	343	17,556

2017-18 Estimate £000	2018-19 Estimate £000	2019-20 Estimate £000	2020-21 Estimate £000	2021-22 Estimate £000
17,556	17,366	17,176	16,986	16,796
0	0	0	0	0
(190)	(190)	(190)	(190)	(190)
0	0	0	0	0
0	0	0	0	0
17,366	17,176	16,986	16,796	16,606

BALANCES

Usable Capital Receipts (T01012) post 13-14 (can be used for: HRA, affordable housing & regeneration)

Balance b/f
 Estimated receipts - sale of dwellings
 Repaid re General Fund capital programme
 Applied re General Fund Housing capital programme (above)
 Applied re HRA capital Programme
 Balance c/f

2013-14 Actuals £000	2016-17 Original Estimate £000	2016-17 Revised Estimate £000	2016-17 Actual @ Outturn £000	2016-17 Projected Outturn £000
0	5,561	3,128	0	3,128
447	200	200	0	200
3,127	0	0	0	0
0	(1,581)	(3,107)	0	(3,107)
(446)	(250)	(250)	0	(250)
3,128	3,930	(29)	0	(29)

2017-18 Estimate £000	2018-19 Estimate £000	2019-20 Estimate £000	2020-21 Estimate £000	2021-22 Estimate £000
(29)	(299)	(569)	(839)	(1,109)
200	200	200	200	200
0	0	0	0	0
(220)	(220)	(220)	(220)	(220)
(250)	(250)	(250)	(250)	(250)
(299)	(569)	(839)	(1,109)	(1,379)

Housing Grant Repayments

Balance b/f
 Repayments in year
 Used in Year
 Balance c/f

0	0	0	0	0
54	30	30	0	30
(54)	(30)	(30)	0	(30)
0	0	0	0	0

0	0	0	0	0
30	30	30	30	30
(30)	(30)	(30)	(30)	(30)
0	0	0	0	0

GUILDFORD B.C. - HOUSING INVESTMENT PROGRAMME 2016-17 to 2021-22: HRA APPROVED PROGRAMME

APPENDIX 10

	Project Budget £000	2015-16 Actual £000	Project Spend at 31-03-16 £000	2016-17 Estimate £000	2016-17 Projected Outturn £000	2017-18 Estimate £000	2018-19 Estimate £000	2019-20 Estimate £000	2020-21 Estimate £000	2021-22 Estimate £000	Total Project Exp £000
Acquisition of Land & Buildings	3,302	0	0	3,500	3,302	0					3,302
New Build											
Lakeside Close, Ash	5,100	1,256	4,655	128	128	0	0	0	0	0	4,783
New Road, Gomshall	4,250	1,051	4,066	106	106	0	0	0	0	0	4,172
Guildford Park	75	0	0	75	75	0	0	0	0	0	75
Slyfield Green (Corporation Club)	2,448	0	0	1,850	2,098	350	0	0	0	0	2,448
Willow Way	1,000	0	0	800	0	975	25	0	0	0	1,000
Garage sites	2,500	0	0	1,350	350	2,000	150	0	0	0	2,500
The Homstead	500	0	0	485	0	500	0	0	0	0	500
Appletree pub site		43	43	0	0	0	0	0	0	0	43
Various small sites & feasibility/Site preparation	1,000	0	0	0	0	0	0	0	0	0	0
Schemes to promote Home-Ownership											
Equity Share Re-purchases	annual	312	annual	400	400						annual
Major Repairs & Improvements											
Retentions & minor carry forwards	annual	0	annual	5,000	5,000						annual
Kitchens & Bathrooms	annual	1,308	annual	0							annual
Doors and Windows	annual	138	annual	0							annual
Structural	annual	1,059	annual	0							annual
Energy efficiency: Central heating	annual	1,501	annual	0							annual
General	annual	967	annual	0							annual
Grants											
Cash Incentive Scheme	annual	0	annual	75	75						annual
TOTAL APPROVED SCHEMES	0	7,635	8,765	13,769	11,534	3,825	175	0	0	0	18,825

GUILDFORD B.C. - HOUSING INVESTMENT PROGRAMME 2016-17 to 2021-22: HRA PROVISIONAL PROGRAMME

APPENDIX 10

	Project Budget £000	2015-16 Actual £000	Project Spend at 31-03-16 £000	2016-17 Estimate £000	2016-17 Budget Changes	2016-17 Projected Outturn £000	2017-18 Estimate £000	2018-19 Estimate £000	2019-20 Estimate £000	2020-21 Estimate £000	2021-22 Estimate £000	Total Project Exp £000
Acquisition of Land & Buildings	6,000	0	0	6,000	0	0	6,000	0	0	0	0	6,000
New Build												
Fire Station/Ladymead	1,195	0	0	1,195		0	1,195	0	0	0	0	1,195
Guildford Park	16,000	0	0	0		0	1,320	3,510	11,170	0	0	16,000
Appletree pub	3,200	0	0	2,500		100	2,400	700	0	0	0	3,200
Schemes to promote Home-Ownership												
Equity Share Re-purchases	annual		annual				400	400	400	400	400	annual
Major Repairs & Improvements												
Major Repairs & Improvements	annual		annual				5,000	5,000	5,000	5,000	5,000	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	75	75	75	annual
Total Expenditure to be financed	26,395	0	0	9,695	0	100	16,390	9,685	16,645	5,475	5,475	26,395

GUILDFORD B.C. - HOUSING INVESTMENT PROGRAMME 2016-17 to 2020-21: HRA RESOURCES AND FUNDING STATEMENT

APPENDIX 10

	2015-16 Actual £000	2016-17 Estimate £000	2016-17 Projected Outturn £000	2017-18 Estimate £000	2018-19 Estimate £000	2019-20 Estimate £000	2020-21 Estimate £000	2021-22 Estimate £000
EXPENDITURE								
Approved programme	7,635	13,769	11,534	3,825	175	0	0	0
Provisional programme	0	9,695	100	16,390	9,685	16,645	5,475	5,475
Total Expenditure	7,635	23,464	11,634	20,215	9,860	16,645	5,475	5,475
FINANCING OF PROGRAMME								
Capital Receipts	1,105	250	400	400	400	400	400	400
Contribution from Housing Revenue a/c (re cash incentives)	0	75	75	75	75	75	75	75
Future Capital Programme reserve	0	0	0	0	0	0	0	0
Major Repairs Reserve	4,972	5,000	5,000	5,000	5,000	5,000	5,000	5,000
New Build Reserve	0	12,592	4,311	10,318	3,070	7,819	0	0
1-4-1 receipts	749	5,397	1,848	4,422	1,316	3,351	0	0
Grants and Contributions	808	0	0	0	0	0	0	0
Total Financing (= Total Expenditure)	7,634	23,314	11,634	20,215	9,860	16,645	5,475	5,475
RESERVES - BALANCES								
Reserve for Future Capital Programme (U01035)								
Balance b/f	23,328	23,329	25,828	28,328	30,828	33,328	35,828	38,328
Contribution in year	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500
Used in year	0	0	0	0	0	0	0	0
Balance c/f	25,828	25,829	28,328	30,828	33,328	35,828	38,328	40,828
Major Repairs Reserve (U01036)								
Balance b/f	2,070	1,285	3,536	4,488	4,488	4,488	4,488	4,488
Contribution in year	6,438	5,678	5,952	5,000	5,000	5,000	5,000	5,000
Used in Year	(4,972)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)
Balance c/f	3,536	1,963	4,488	4,488	4,488	4,488	4,488	4,488
New Build Reserve (U01069)								
Balance b/f	20,953	20,629	29,390	33,458	32,135	32,065	27,246	30,246
Contribution in year	8,437	8,683	8,379	8,995	3,000	3,000	3,000	3,000
Used in Year	0	(12,592)	(4,311)	(10,318)	(3,070)	(7,819)	0	0
Balance c/f	29,390	16,720	33,458	32,135	32,065	27,246	30,246	33,246

Usable Capital Receipts: 1-4-1 receipts (T01011)

Balance b/f	2,368	2,004	3,887	4,525	1,294	1,196	(903)	386
Contribution in year	2,268	908	2,486	1,191	1,217	1,252	1,289	1,327
Used in Year	(749)	(5,397)	(1,848)	(4,422)	(1,316)	(3,351)	0	0
Balance c/f	3,887	(2,485)	4,525	1,294	1,196	(903)	386	1,713

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	1,979	716	2,623	3,467	4,126	4,798	5,482	6,180
Contribution in year	644	100	844	659	672	684	698	711
Used in Year	0	0	0	0	0	0	0	0
Balance c/f	2,623	816	3,467	4,126	4,798	5,482	6,180	6,891

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	17,452	17,408	17,276	14,251	14,251	14,251	14,251	14,251
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)	0	0	(2,857)	0	0	0	0	0
Used in Year (GF Housing - DFG)	(176)	(330)	(168)	0	0	0	0	0
Balance c/f	17,276	17,078	14,251	14,251	14,251	14,251	14,251	14,251

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	3,127	1,235	4,715	4,190	3,665	3,140	2,615	2,090
Contribution in year	3,101	200	200	200	200	200	200	200
Used in Year (HRA = above)	(1,105)	(325)	(475)	(475)	(475)	(475)	(475)	(475)
Used in Year (GF Housing)	(408)	(250)	(250)	(250)	(250)	(250)	(250)	(250)
Balance c/f	4,715	860	4,190	3,665	3,140	2,615	2,090	1,565

Note: Can only be used for HRA capital expenditure, affordable housing and regeneration schemes as set by the Government

Corporate Governance and Standards Committee Report

Ward(s) affected: n/a

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Date: 12 January 2017

Freedom of Information Compliance Update

Executive Summary

This is a regular report to monitor the Council's performance in dealing with Freedom of Information (FOI) and Environmental Information Regulations (EIR) requests.

As of 19 December 2016, the Council's performance rate for delivery of responses to FOIs stands at 86%, which compares favourably with the figure of 81% recorded at the end of 2015. The Council therefore meets the Information Commissioner's performance indicator of 85%, but falls slightly short of the 90% target agreed by the Corporate Management Team.

Recommendation to Committee

That the Committee notes the officer actions and continues to receive updates.

Reasons for Recommendation

- To ensure that Members are kept up to date with developments in the FOI/EIR framework
- To ensure that Members have the necessary information to enable requests for information to be made easily to the Council and properly responded to
- To assist with learning lessons and improving performance following requests for information made to the Council

1. Purpose of Report

- 1.1 The Corporate Governance and Standards Committee has requested this report to ensure the Council improves its response timescales for FOI and EIR requests. The report also gives Members the chance to comment on the current system of monitoring and answering requests made to the Council under the Freedom of Information Act/Environmental Information Regulations.

- 1.2 Appendix 1 contains the performance figures for each service area and a total for the Council, including volume of FOI/EIR requests received and the percentage responded to on time.

2 eCase Update

- 2.1 The eCase system for the logging of FOI/EIR requests was implemented in June 2016. New features were added in December 2016 as part of an upgrade. This includes:
- A Case Timeline view is now available on the Case Details screen. It provides a visual of the key stages of the case. The five most recent entries are now visible on the Case Details screen.
 - When an Internal Review is opened on a case, the team member assigned to investigate it will now see an Internal Review clock next to the Internal Review request on their Workbasket. The 20 working day service level is assigned to the Internal Review and visible when you hover over the clock.
 - Reject Assignment (Case Creator) – if the Drafter has had a discussion with the Hub Coordinator and they have both decided that the case cannot be answered within the team, the Drafter can click on the Reject Assignment (Case Creator). The case will then be reassigned back to the person who originally created the case for reallocating.
 - Edit Response Date – the owner of the case can now edit the date the response was sent if they are assigned this role on their user account.
- 2.2 eCase is a vast improvement on the previous system whereby requests were logged on Sharepoint. Under the old system, no statistical tools were available and no automated reminder or alert functions were in use to remind allocated drafters if their response was approaching its deadline.

3. Background

- 3.1 The GBC website has a [section on Freedom of Information](#) which provides general information and assistance to members of the public on how to submit a request. The site includes a link to the Council's publication scheme and an online form is available to facilitate the submission of FOI requests.
- 3.2 The performance figures for 2016 (to date as of 19 December) are included in Appendix 1.

4. Update on progress

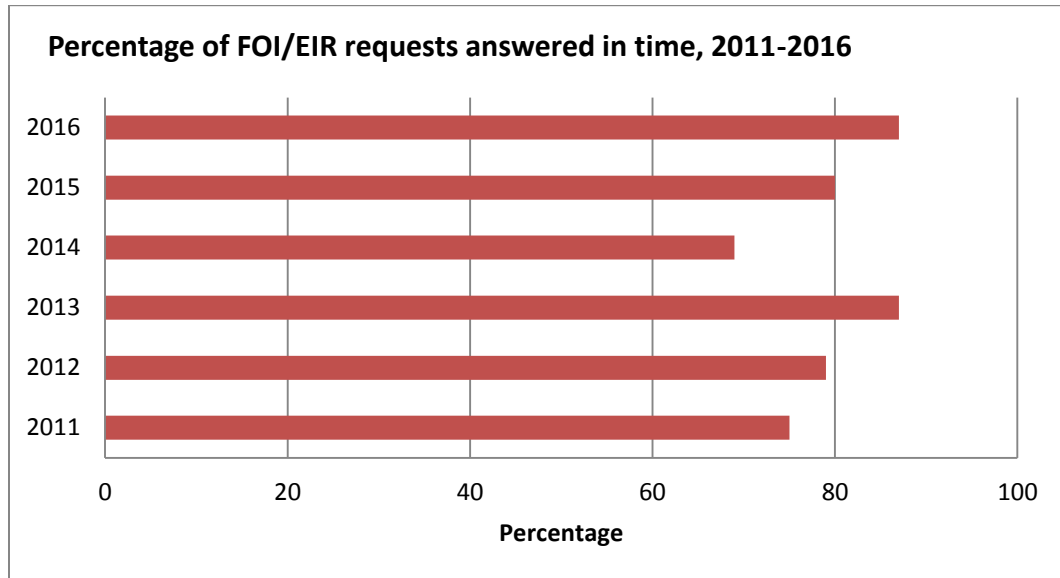
- 4.1 During 2016 (as of 19/12/2016), 707 information requests (including both FOI and EIR) have been received. The total number of requests received during 2015 was 672, so volume has increased slightly by 5% during this 12 month period.

- 4.2 Although the Appendix records a total figure of 712 requests this reflects the fact that some requests were shared by a number of different service areas. For the purposes of statistical analysis they have been counted as separate requests.
- 4.3 Of the requests received in 2016 to date, 29 which related specifically to environmental information were dealt with under the Environmental Information Regulations (4% of total). This figure should however be higher as some requests which should have been dealt with under EIR were handled instead under FOI. This will be rectified in the coming months through training and increased staff awareness.
- 4.4 In 53 requests, the information was partially or fully withheld due to exemptions (7% of the total).
- 4.5 The most frequently used exemption under FOI during this time was section 21 (information available by other means) – used 23 times. Examples include [information on business rates](#), on [public funerals](#), Council [budgets/spending](#) and [planning applications](#) which is mostly available on the Council website, so in each case the requester was simply directed to the relevant section on the website.
- 4.6 The second most commonly deployed FOI exemption was section 12 (the time and cost to collate the information would exceed the statutory limit of 18 hours) - used 14 times. As the Council has a duty under the FOI Act to assist the requester, in such cases requesters are normally asked to narrow down the scope of their request to make it more manageable – e.g. the Council may suggest they ask for figures going back five years rather than ten.
- 4.7 The most frequently used EIR exception was regulation 12(4)(b) – i.e. that the request was “manifestly unreasonable” (the equivalent of the FOI Act’s section 12). This exception was used on five occasions.

5. Response Timeliness

- 5.1 During 2016, 86% of requests were responded to within the 20 working day deadline. This compares favourably with previous years as illustrated in the bar chart below.
- 5.2 The best performing directorate was Community Services with a figure of 93% of requests answered within the deadline.
- 5.3 The overall average response time for 2016 was 13 days. 40% of requests were completed within less than 10 working days – i.e. in less than half the statutory time scale, so the overall turnaround rate for requests is quite high.
- 5.4 A total of 14% of requests were not answered in time. This is due to a number of different issues, including complex multi departmental requests and difficulty in producing the information requested. It should also be noted that, under some exemptions in the FOI Act, the Council is required to consider the Public Interest Test (PIT) in deciding whether disclosing the requested information would outweigh the public interest in withholding it. In such cases the deadline can be

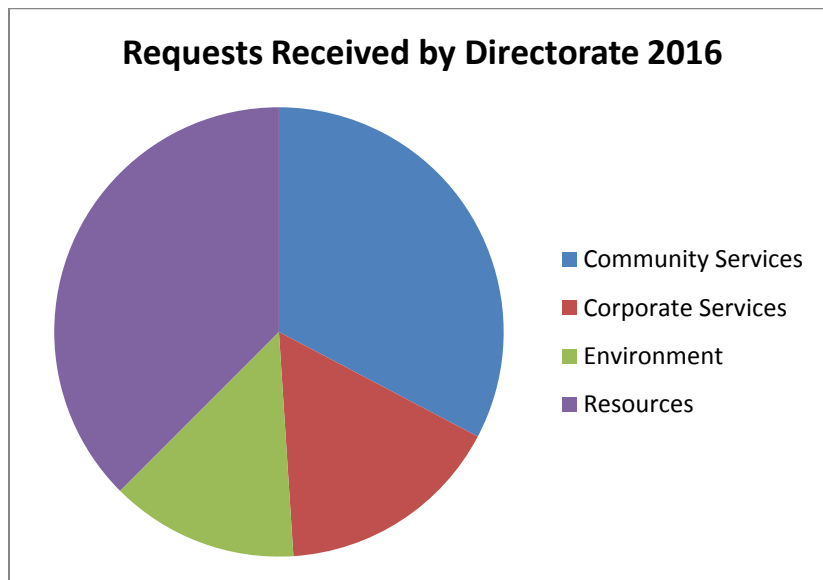
extended for a further 20 working days. However, these statistics do not take into account this fact.



The average response time over the past six years was 78%. Both figures for the last two years have exceeded this average.

6. Requests received by directorate

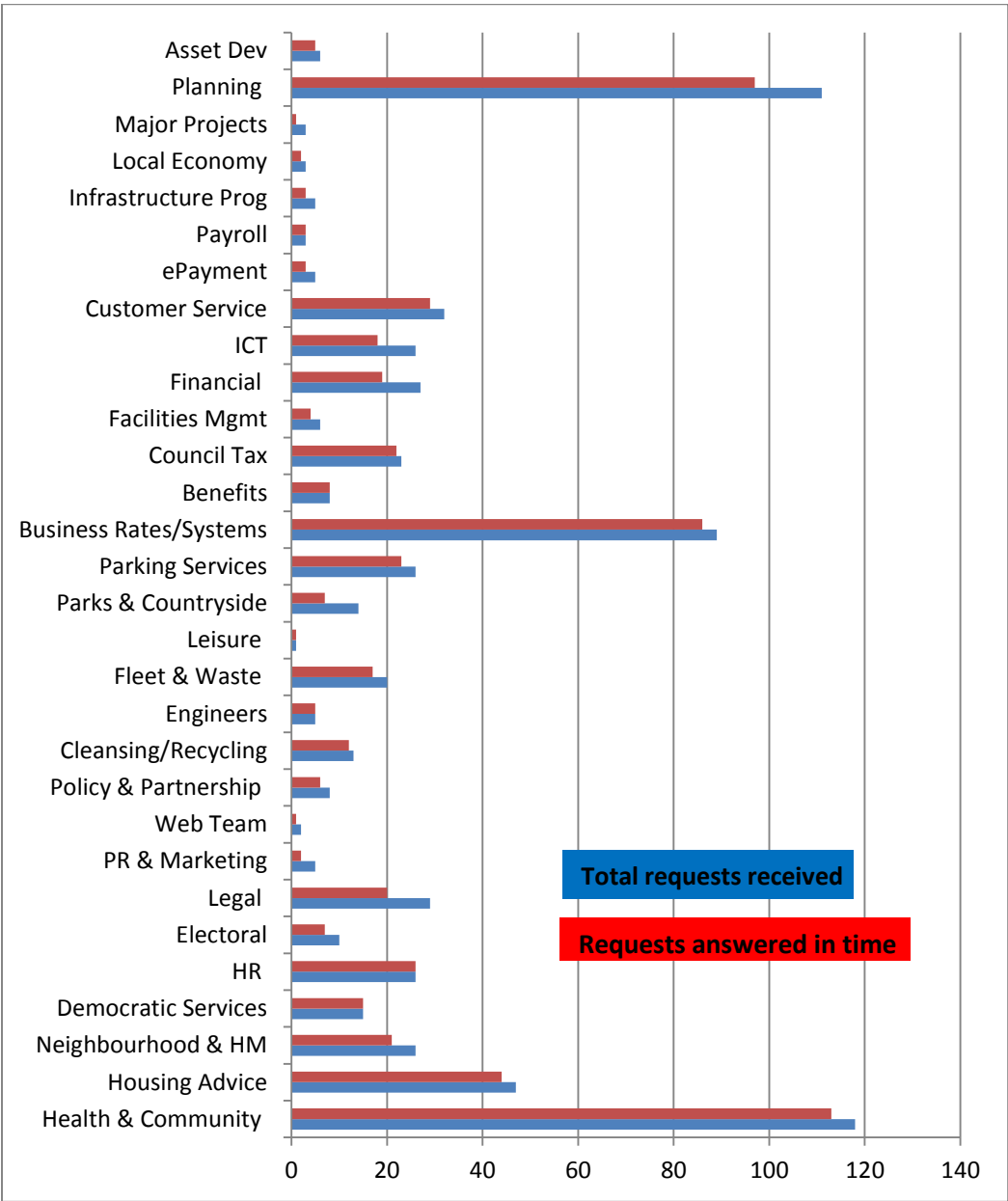
6.1 Resources received the most requests of any directorate during the year, with a figure of 219, amounting to 38% of the total. Environment received the least requests – 79 in total, accounting for 14%. The chart below provides a breakdown of requests received by service area.



7. Requests received by service area

- 7.1 The service area which received the most requests in 2016 was Health & Community Care Services with a total of 118 (16.5% of all requests received across the Council.) 95% of these requests were answered within the statutory deadline.
- 7.2 This was closely followed by Planning with a total of 111 (15.5%). 87% of these requests were responded to in time.
- 7.3 Full details can be found in Appendix 1, and in the graph below.

Requests received by service area 2016



8. Internal Reviews

- 8.1 Applicants can ask for an internal review if they are not content with the Council's original decision. The Codes of Practice issued under the FOI Act and EIRs state that internal review procedures should "encourage a prompt determination of the complaint". Reviews should be completed within 20 working days. However reviews under the EIRs often relate to complex and difficult issues and up to 40 days may be taken to complete them.
- 8.2 Five requests in 2016 went to internal review. Four were under EIR and one under FOI. Of the five reviews, in three cases the Council's original decision was upheld. Two of the internal reviews are still being carried out.
- 8.3 One EIR request originally submitted in 2015 was referred to the Information Commissioner. On appeal by the Council the case was subsequently referred to the First Tier Tribunal of the General Regulatory Chamber Information Rights (EA/2016/0065 Guildford Borough Council v The Information Commissioner and Extreme Oyster Ltd) with judgment passed on 14 November 2016.
- 8.4 The Council's appeal against disclosure of the information on grounds of commercial confidentiality to protect a legitimate economic interest ([EIR Reg. 12\(5\)\(e\)](#)) was allowed by the Tribunal. The requested information consisted of valuations of identified sites relating to the Town Centre Masterplan. It was ruled that disclosure of the information would have hindered the Council's ability to obtain value for money and would have created an unequal playing field, hampering the Council's ability to negotiate, and this would not be in the public interest.

9. Requests for information held by Elected Members

- 9.1 The Council has received various requests in recent months for copies of correspondence held by Councillors. To clarify, although Guildford Borough Council is a public authority for the purposes of the Freedom of Information Act 2000, individual Councillors are not. However, whether information held by a Councillor is caught by the Act depends on how it is held. If the information is held for private or political purposes then it is not subject to the Act. If it is held on either the Council's computer system or a Councillor's own equipment *and* relates to the function of the Council, then that information may be caught by the Act. For these reasons it is important that Councillors do not use their Council email addresses for non-Council related correspondence.
- 9.2 Any such information would be subject to all relevant exemptions. Any requests for information held by Councillors is dealt with on a case by case basis and the Councillors concerned would be notified. Further guidance is available on the Information Commissioner's website:

[Information held by a public authority for the purposes of the Freedom of Information Act](#)

10. Consultations

- 10.1 This is a regular report and no formal consultations were necessary. Some of the contents of this report are based on feedback and comments received from councillors at the 24 November 2016 meeting of this Committee.

11. Equality and Diversity Implications

- 11.1 No Equality and Diversity Implications apply to this report.

12. Financial Implications

- 12.1 There are no financial implications to this report.

13. Legal Implications

- 13.1 Failure to respond to FOI/EIR requests within 20 working days is a breach of the respective legislation. As requesters whose FOIs/EIRs have not been answered within the statutory time limit have the right to request an internal review and/or to make a formal complaint to the Information Commissioner's Office (ICO) there are therefore direct legal implications associated with the risk of reputational damage to the Council, adverse publicity and active monitoring by the ICO.

14. Human Resource Implications

- 14.1 There are no HR implications within this report.

15. Summary of Actions

- 15.1 Directors will ensure requests remaining overdue in their service areas are resolved as soon as possible.
- 15.2 The Information Rights Officer will continue to provide updates for the Corporate Governance and Standards Committee.

16. Conclusion

- 16.1 While the Council's FOI/EIR performance figures are adequate given recent circumstances, a target of 90% compliance is achievable.
- 16.2 Key staff also need to become more aware of the difference between a Freedom of Information request and an Environmental Information Regulations request. The legislation under which a request is dealt with has significant repercussions, particularly with regard to the application of exemptions. This will be reflected in future staff training.

17. Background Papers

- Report on Compliance with Information Legislation 2015 (16 June 2016)
- Freedom of Information Compliance Update – November 2016
- Freedom of Information Compliance Update – January 2016

Agenda item number: 6

- Freedom of Information Compliance Update – September 2015

18. Appendices

Appendix 1: Performance figures for each service area

Appendix 1

COMMUNITY SERVICES	(Figures compiled 20/12/16)	TOTAL	Number of late responses	% Responded to in time
	Health and Community Care Services	118	5	95%
	Housing Advice Services	47	3	93%
	Neighbourhood and Housing Management	26	6	88%
TOTAL		191	14	93%
CORPORATE SERVICES				
	Democratic Services	15	0	100%
	Human Resources and Business Improvement	26	0	100%
	Electoral	10	3	70%
	Legal Services	29	9	72%
	PR & Marketing	5	3	40%
	Web Team	2	1	50%
	Policy & Partnership	8	2	75%
TOTAL		95	18	81%
ENVIRONMENT				
	Cleansing and Recycling	13	1	92%
	Engineers	5	0	100%
	Fleet and Waste Services	20	3	85%
	Leisure Services	1	0	100%
	Parks & Countryside	14	7	50%
	Parking Services	26	3	88%
TOTAL		79	14	82%
RESOURCES				
	Business Rates and Systems	89	3	96%
	Benefits	8	0	100%
	Council Tax	23	1	95%
	Facilities Management	6	2	66%
	Financial Services	27	8	70%
	Information Communications Technology	26	8	69%
	Customer Service Centre	32	3	90%
	ePayment	5	2	60%
	Payroll	3	0	100%
TOTAL		219	27	88%

PLANNING AND REGENERATION	(Figures compiled 20/12/16)	TOTAL	Number of late responses	% Responded to in time
	Infrastructure Programme	5	2	60%
	Local Economy	3	1	66%
	Major Projects	3	2	33%
	Planning Services	111	14	87%
	Asset Development	6	1	83%
TOTAL		128	20	84%

Corporate Governance & Standards Committee Report

Ward(s) affected: All

Report of the Monitoring Officer

Author: Sandra Herbert Monitoring Officer and Legal Services Manager

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Lead Councillor responsible: Matt Furniss

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Email: matt.furniss@guildford.gov.uk

Date: 12 January 2017

Annual Report of the Monitoring Officer regarding Standards Allegations

Executive Summary

This report is to inform and update members of the Committee about decisions taken on standards allegations against borough and parish councillors for the 12-month period ending 31 December 2016.

Recommendation to Committee:

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

Reason(s) for Recommendation:

- To ensure members of the Committee and others to whom the report is circulated are kept up to date;
- To consider learning points for the future; and
- To seek to promote and maintain high standards of conduct amongst Members.

1. Purpose of Report

- 1.1 The purpose of this report is to inform and update members of the Committee about decisions taken on standards allegations against borough and parish councillors throughout the year ending 31 December 2016.

2. Statutory background

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

3. Relevant Government Policy

- 3.1 The relevant government policies with regard to the ethical framework are contained in the Department for Communities and Local Government Guidance "Openness and Transparency on Personal Interests: A guide for Councillors.

4. Relevant Council Policy

- 4.1 The Council's policy is contained in its Constitution in particular the Councillors' Code of Conduct and the Council's Arrangements for dealing with allegations of misconduct by councillors and co-opted members.

5. Strategic Priorities

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

6. Background

- 6.1 The Act made fundamental changes to the system of regulation of standards of conduct for elected and co-opted councillors. The new provisions came into force on 1 July 2012.

- 6.2 Section 27(2) of the Act required the authority to adopt a code dealing with the conduct that is expected of members and co-opted members of the authority when they are acting in that capacity. Sections 28(6) and (7) of the Act required the Council to put in place Arrangements under which allegations that a councillor or co-opted member of the Council or of any of the 23 parish councils within the borough has failed to comply with the relevant code of conduct can be investigated and decisions made on such allegations.

- 6.3 Following the full council meeting on 5 July 2012 the Council:

- Established this Committee with responsibility for a range of matters to include promoting and maintaining high standards of conduct by members and co-op-ted members of the authority;
- Adopted a new Code of Members' Conduct;
- Appointed 3 Independent Persons;
- Adopted Arrangements and procedures for dealing with misconduct complaints in relation to both borough and parish councillors;
- Revised the Register of Members' Interests to reflect the new Disclosable Pecuniary Interests created under the Localism Act and regulations made thereunder;
- Made all necessary changes to the Constitution.

- 6.4 After four years of operation, the Arrangements for dealing with misconduct complaints have recently been reviewed by the Council with assistance from this Committee and the Standards Working Group in light of local experiences of

handling cases, to benchmark the Council's Arrangements against emerging best practice and to ensure greater efficiency in the process. The new Arrangements were approved by this Committee and came into force on 24 November 2016.

- 6.5 The Appendix attached lists decisions taken by the Monitoring Officer using delegated powers under the Arrangements adopted by the Council on 5 July 2012.

7. Details

- 7.1 Attached at Appendix 1 is a list showing the decisions taken by the Monitoring Officer in relation to allegations made against borough councillors and parish councillors under the Council's Arrangements for dealing with Allegations of Misconduct adopted on 5 July 2012 for the year ending 31 December 2016.

- 7.2 **Number of allegations.** Throughout this period there have been two complaints regarding parish councillors and seven regarding borough councillors.

Action taken. Six resulted in no further action being taken by the Monitoring Officer following initial assessment. Two resulted in a local settlement and one case is still pending.

Type of complainant. Six complaints were made by members of the public and three by councillors.

Response times. The time taken for consideration and determination of a complaint is set out in Appendix 1. Where a local resolution was secured, the calculation includes the time taken to secure the local resolution.

- 7.3 The identity of all councillors complained of has been anonymised. It is felt that such information should remain confidential unless and until any complaint results in a formal determination following a hearing before the Hearings Sub-Committee. This view is backed up by a recent case considered by the First Tier Tribunal¹ which upheld the requirement to maintain confidentiality of the investigation process in relation to code of conduct complaints.

- 7.4 There is no common theme that the Monitoring Officer would like to draw to the attention of Members.

- 7.5 However, Members are invited to consider whether there are any areas of concern upon which they would like further information and/or further work done.

8. Consultations

- 8.1 The Lead Councillor for Infrastructure and Governance has been consulted on this Report. Corporate Management Team and the Deputy Monitoring Officer have also been consulted.

¹ Michael Thompson v Information Commissioner & Cheshire East Council (Freedom of Information Act 2000) [2016] UKFTT 2016_0044 (GRC)

9. Next steps

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

10. Other courses of action considered but rejected

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

11. Equality and Diversity Implications

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

12. Financial Implications

- 12.1 None

13. Legal Implications

- 13.1 None, other than those implicit within this Report and Appendix

14. Human Resource Implications

- 14.1 None

15. Conclusion

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

16. Background Papers

- 16.1 As referred to in this Report & Appendices.

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

17. Appendices

Appendix 1: Allegations against Councillors & Parish Councillors under the Arrangements for dealing with Allegations of Misconduct – 1 January 2016 – 31 December 2016

Appendix 1

Decisions taken in relation to Allegations against Borough Councillors & Parish Councillors under the Arrangements for dealing with Allegations of Misconduct 1 January 2016 to 31 December 2016.

File ref.	Borough or Parish Councillor	Relevant Parts of Code of Conduct	Decision	Comments	Complainant	Date complaint received	Date of Decision
1471 (premature) and 3104 (assessment)	Parish	Paras 11 to 13: Non-declaration of Disclosable Pecuniary Interest ("DPI") and participation in decision making with a DPI.	No Further Action ("NFA")	Initial Assessment ("IA") concluded that there was no evidence that there was a potential breach of the Code of Conduct ("CoC").	Public	2.2.16	7.4.16
3207, 3208 and 3209 (assessment and investigation)	Borough	Para 2(1): Treat others with respect. Para 4: Bringing the Council and/or office into disrepute	Referred for investigation. Local resolution.	Apology provided.	Public	7.4.16	5.12.16
3337 (assessment)	Borough	Para 4: Bringing the Council into disrepute etc.	NFA	IA concluded that the complaint did not relate to actions taken as a councillor	Public	18.5.16	2.6.16

File ref.	Borough or Parish Councillor	Relevant Parts of Code of Conduct	Decision	Comments	Complainant	Date complaint received	Date of Decision
3329 (assessment)	Borough	<p>Para 1(1)(2): Lack of Objectivity - discrimination / bias</p> <p>Para 2(1) Failure to treat others with respect</p> <p>Para 2(2)(b): Bullying</p> <p>Para 2(2)(d): Compromising the impartiality of the Council</p> <p>Para 4: Bringing the Council into disrepute etc.</p>	NFA	<p>IA concluded that:</p> <ul style="list-style-type: none"> - there was nothing inherently discourteous or threatening in the actions of the Cllr - comments made by the Cllr were consistent with his/her role; and/or - any breach of the CoC was insufficiently serious to warrant further action 	Public	20.5.16	15.7.16
3333 (assessment)	Parish	Para 2(2)(b): Bullying	Local resolution	IA sought a local resolution of the matter. Apology provided.	Councillor	25.5.16	7.10.16
3461 (assessment and investigation)	Borough	Para 3(a): Disclosure of confidential information	Pending	Following IA the matter was referred for an investigation.	Councillor	9.7.16	Awaited.
2937 (assessment)	Borough	Para 2(1): Failure to treat others with respect.	NFA	IA concluded that there was insufficient information of breach of confidentiality and	Councillor	17.9.15	26.2.16

File ref.	Borough or Parish Councillor	Relevant Parts of Code of Conduct	Decision	Comments	Complainant	Date complaint received	Date of Decision
		<p>Para 3(a): Disclosure of confidential information</p> <p>Para 4: Bringing the Council into disrepute</p>		use of intemperate language to justify further action.			
3832 (premature)	Borough	Para 4: Bringing the Council and/or office into disrepute	NFA	<p>Councillor not acting in official capacity to engage the CoC</p> <p>Action taken by leader of political group.</p>	Public	17.10.16	26.10.16
3762 (premature)	Borough	<p>Para 4: Bringing the Council and/or office into disrepute.</p> <p>Para 5: Using position as councillor to confer an advantage.</p>	NFA	<p>Councillor not acting in official capacity to engage the CoC.</p> <p>Councillor took voluntary action to avoid any confusion between public/private capacity.</p>	Public	5.11.16	11.11.16

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Corporate Governance and Standards Committee Report

Ward(s) affected: All

Report of Director of Resources

Author: John Armstrong

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Date: 12 January 2017

Corporate Governance and Standards Committee Work Programme for 2017-18

Recommendation

That the Committee considers and approves its updated work programme for the remainder of the 2016-17 municipal year and the 2017-18 municipal year, as detailed in Appendix 1 to this report.

Reason for recommendations:

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

1. Purpose of report

- 1.1 The draft work programme attached as Appendix 1 sets out the items to be considered by this Committee for the remainder of the 2016-17 municipal year and for the 2017-18 municipal year.

2. Draft work programme

- 2.1 The draft work programme for the Corporate Governance and Standards Committee is set out in Appendix 1 to this report. The timing of the reports contained in the work programme is subject to change, in consultation with the chairman. The items to be considered include decisions to be made by the Executive and/or full Council, with consideration of any comments or recommendations made by this Committee.

3. Financial Implications

- 3.1 There are no financial implications arising directly from this report.

4. Legal Implications

- 4.1 There are no legal implications arising directly from this report.

5. Human Resource Implications

5.1 There are no human resources implications arising directly from this report.

6. Background Papers

- Guildford Borough Council Forward Plan
- Corporate Management Team Forward Plan

7. Appendices

Appendix 1: Corporate Governance and Standards Committee draft work programme

CORPORATE GOVERNANCE AND STANDARDS COMMITTEE DRAFT WORK PROGRAMME

30 March 2017

Subject	Details of decision to be taken	Decision to be taken by	Contact Officer
Enquiries of those charged with governance	To agree the Committee's response to the external auditor's audit plan for 2016-17	Corporate Governance and Standards Committee	Claire Morris 01483 444827
External Audit Plan and Audit Update 2016-17	To approve the external audit plan for 2016-17, and to note the content of the External Auditor's update report and make any appropriate comments.	Corporate Governance and Standards Committee	Claire Morris 01483 444827
Budget Monitoring	To receive a revenue budgetary monitoring report for Month 10 and capital monitoring report for Quarter 3	Corporate Governance and Standards Committee	Claire Morris 01483 444827
Surrey Pension Fund Triennial Revaluation results	To consider the Surrey Fund Triennial Revaluation results	Corporate Governance and Standards Committee	Claire Morris 01483 444827
Review of the Planning Committee	To consider recommendations from The Planning Committee Review Working Group on the review of the operation of the Planning Committee	Council (11 April 2017) on the recommendation of this Committee and Planning Committee	Sophie Butcher 01483 444056
Review of the Council's process for making appointments to external organisations	To consider the findings and recommendations of the working group	Council (11 April 2017) on the recommendation of this Committee	John Armstrong 01483 444102

CORPORATE GOVERNANCE AND STANDARDS COMMITTEE DRAFT WORK PROGRAMME

15 June 2017

Subject	Details of decision to be taken	Decision to be taken by	Contact Officer
Draft Statement of Accounts for 2016-17	To note the draft statement of accounts signed by the Chief Finance Officer for 2016-17	Executive 27 June 2017	Claire Morris 01483 444827
Statutory Officers' Report	To receive a update from the Council's statutory officers	Corporate Governance and Standards Committee	Sue Sturgeon 01483 444800 Sandra Herbert 01483 444135
Compliance with Information Rights Legislation - 2016	To consider the annual report on compliance with Freedom of Information and Data Protection requirements	Corporate Governance and Standards Committee	Ciaran Ward 01483 444072
Annual Governance Statement 2016-17	To adopt the Council's Annual Governance Statement 2016-17	Executive 27 June 2017	Claire Morris 01483 444827
Treasury Management Annual Report 2016-17	To consider the Treasury Management Annual Report 2016-17	Council 25 July 2017	Victoria Worsfold 01483 444834
External Audit 2017-18 Fee Letter	To consider the planned audit fee	Corporate Governance and Standards Committee	Claire Morris 01483 444827
Internal Audit Plan 2017-18	To consider the internal audit plan for 2017-18	Corporate Governance and Standards Committee	Joan Poole 01483 444854
Head of Internal Audit Opinion	To consider the Head of Internal Audit's annual Opinion for 2015-16	Corporate Governance and Standards Committee	Joan Poole 01483 444854

CORPORATE GOVERNANCE AND STANDARDS COMMITTEE DRAFT WORK PROGRAMME

27 July 2017

Subject	Details of decision to be taken	Decision to be taken by	Contact Officer
External Audit Update	To consider the update report from the Council's External Auditors	Corporate Governance and Standards Committee	Claire Morris 01483 444827
2015-16 Audit Findings Report	To note the external auditor's findings and management's response in the Action Plan	Corporate Governance and Standards Committee	Claire Morris 01483 444827
Summary of Internal Audit Reports October 2016 – March 2017	To consider the summary of internal audit reports, including details of complaints to the Local Government Ombudsman and customer complaints	Corporate Governance and Standards Committee	Joan Poole 01483 444854
Corporate Risk Strategy	Report on the Council's corporate risk strategy and risk management arrangements	Corporate Governance and Standards Committee	Joan Poole 01483 444854
Data Quality Management Strategy	To review the Data Quality Management Strategy	Corporate Governance and Standards Committee	Joan Poole 01483 444854

CORPORATE GOVERNANCE AND STANDARDS COMMITTEE DRAFT WORK PROGRAMME

21 September 2017

Subject	Details of decision to be taken	Decision to be taken by	Contact Officer
Freedom of Information Compliance update	To consider the update report on the Council's performance in dealing with Freedom of Information requests.	Corporate Governance and Standards Committee	Ciaran Ward 01483 444072
Statutory Officers' Report	To receive a update from the Council's statutory officers	Corporate Governance and Standards Committee	Sue Sturgeon 01483 444800 Sandra Herbert 01483 444135
Financial Monitoring 2016-17 Period 3 (April to June 2016)	To note the results of the Council's financial monitoring	Corporate Governance and Standards Committee	Claire Morris 01483 444827
External Audit Update	To note the update report from the external auditor	Corporate Governance and Standards Committee	Claire Morris 01483 444827
Councillor Training Programme	To consider a report from the Councillors' Development Steering Group relating to councillor training and development	Corporate Governance and Standards Committee	Sophie Butcher 01483 444056

CORPORATE GOVERNANCE AND STANDARDS COMMITTEE DRAFT WORK PROGRAMME

23 November 2017

Subject	Details of decision to be taken	Decision to be taken by	Contact Officer
Annual Audit Letter	To consider the Annual Audit Letter and Annual Governance Report for 2016-17	Executive	Claire Morris 01483 444827
External Audit Update	To note the update report from the external auditor	Corporate Governance and Standards Committee	Claire Morris 01483 444827
Financial Monitoring 2017-18 – Period 6 (April to September 2017)	To note the results of the Council’s financial monitoring for the period April to September 2017	Corporate Governance and Standards Committee	Claire Morris 01483 444827
Treasury Management Activity Half-Year Monitoring Report 2017-18	To consider the report monitoring treasury management from April to September 2017	Executive Council	Victoria Worsfold 01483 444834
Summary of internal audit reports April 2017 to September 2017	To consider the summary of internal audit reports and progress on the internal audit plan for April to September 2017	Corporate Governance and Standards Committee	Joan Poole 01483 444854
Internal Audit Plan: Progress Report			
Single Equality Scheme and Action Plan	To review the Single Equality Scheme and Action Plan for 2012-15	Corporate Governance and Standards Committee	Lucy Richards 01483 444013

CORPORATE GOVERNANCE AND STANDARDS COMMITTEE DRAFT WORK PROGRAMME

18 January 2018

Subject	Details of decision to be taken	Decision to be taken by	Contact Officer
Treasury Management Strategy 2017-2018	To recommend to Council the adoption of the revised Treasury Management Strategy and prudential indicators	Executive Council	Victoria Worsfold 01483 444834
Financial Monitoring 2017-18 Period 8 (April to November 2017)	To note the results of the Council's financial monitoring for the period April to November 2017	Corporate Governance and Standards Committee	Claire Morris 01483 444827
Statutory Officers' Report	To receive a update from the Council's statutory officers	Corporate Governance and Standards Committee	Sue Sturgeon 01483 444800 Sandra Herbert 01483 444135
Annual report of the Monitoring Officer regarding misconduct allegations	(1) To note the cases dealt with; and (2) To advise the Monitoring Officer of any areas of concern upon which they would like further information and/or further work carried out.	Corporate Governance and Standards Committee	Sandra Herbert 01483 444135
Freedom of Information Compliance Update	To consider the update report on the Council's performance in dealing with Freedom of Information requests.	Corporate Governance and Standards Committee	Ciaran Ward 01483 444072

CORPORATE GOVERNANCE AND STANDARDS COMMITTEE DRAFT WORK PROGRAMME

29 March 2018

Subject	Details of decision to be taken	Decision to be taken by	Contact Officer
Statutory Officers' Report	To receive a update from the Council's statutory officers	Corporate Governance and Standards Committee	Sue Sturgeon 01483 444800 Sandra Herbert 01483 444135
Enquiries of those charged with governance	To agree the Committee's response to the external auditor's audit plan for 2017-18	Corporate Governance and Standards Committee	Claire Morris 01483 444827
External Audit Plan and Audit Update 2017-18	To approve the external audit plan for 2017-18, and to note the content of the External Auditor's update report and make any appropriate comments.	Corporate Governance and Standards Committee	Claire Morris 01483 444827
Budget Monitoring	To receive a revenue budgetary monitoring report for Month 10 and capital monitoring report for Quarter 3	Corporate Governance and Standards Committee	Claire Morris 01483 444827

CORPORATE GOVERNANCE AND STANDARDS COMMITTEE DRAFT WORK PROGRAMME

Unscheduled items

Subject	Details of decision to be taken	Decision to be taken by	Contact Officer
Effectiveness of the audit responsibilities of the Corporate Governance and Standards Committee	To review the effectiveness of the Corporate Governance and Standards Committee	Corporate Governance and Standards Committee (and full Council if necessary)	Joan Poole 01483 444854