

25 MAY 2017

**SOCIETY, ENVIRONMENT, AND COUNCIL DEVELOPMENT
EXECUTIVE ADVISORY BOARD**

25 May 2017

* Councillor Adrian Chandler (Chairman)
* Councillor Pauline Searle (Vice-Chairman)

* Councillor Angela Gunning	* Councillor Dennis Paul
* Councillor Christian Holliday	* Councillor Tony Phillips
* Councillor Gordon Jackson	* Councillor David Quelch
* Councillor Jennifer Jordan	* Councillor David Reeve
* Councillor Sheila Kirkland	Councillor David Wright

*Present

Councillors were also in attendance.

S1 APOLOGIES FOR ABSENCE AND NOTIFICATION OF SUBSTITUTE MEMBERS

Apologies were received from Councillor Matt Furniss.

**S2 LOCAL CODE OF CONDUCT AND DECLARATION OF DISCLOSABLE
PECUNIARY INTERESTS**

There were no disclosures of pecuniary interest.

S3 MINUTES

The minutes of the meeting held on 23 February 2017 were confirmed as a true record and signed by the Chairman.

S4 EXCLUSION OF THE PUBLIC

The Board agreed to the exclusion of press and public.

RESOLVED: That, under Section 100A(4) of the Local Government Act 1972, the public and press be excluded from the meeting for the following item of business on the grounds that it involved the likely disclosure of exempt information as defined in paragraph 3 of Part 1 of Schedule 12A to the 1972 Act.

S5 SHARED AND TRADED SERVICES

The Board received a presentation from the Head of Financial Services, to illustrate some of the options open to this Council in respect of shared and traded services, and income generation. As part of the Corporate Plan for 2015-20, the Head of Financial Services had been tasked with increasing income from commercial services, and developing business cases for new traded services to increase commercial income. Potential methods for achieving this were outlined in the Medium Term Financial Strategy, and replicated in the Channels of Change Transformation Programme.

The Head of Financial Services explained the structure of Guildford Borough Council Holdings Ltd, which was incorporated in 2016. The company had unrestricted objectives, but its only activity to date had been to issue shares on to North Downs Housing Ltd (NDH), and there were no plans for it to trade in its own right. The Director of Community Services informed the Board that NDH started trading in March 2017, and had already acquired six 'entry level' properties. Subject to approval from this Council, NDH would be looking to increase its portfolio over the next four years to 200 properties, with an expansion budget of £22 million, split 60%/40% loan to equity investment. The Business Plan for NDH is

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expected to go to executive over the summer for approval. The majority of properties purchased to date had been owner-occupied, but changes in government legislation meant that the financial environment for small landlords was less attractive, so NDH were also looking at tenanted properties where landlords were planning to sell.

The board discussed options to include in the business plan for developing NDH such as moving into developing their own housing on various brownfield sites and a potential role for NDH in the Slyfield Area Regeneration Project (SARP). The board noted that NDH did not seek to unnecessarily compete with the market, but to fill a perceived gap in the current market. The aim was to have a balanced property portfolio, and to generate income. The Board was reminded that NDH was an independent company, with independent judgement, particularly in terms of affordability. The Director of Community Services also advised the Board that the Government had a focus on home ownership that precluded local authorities from circumventing Right to Buy policies, and it had taken powers to prevent councils letting social housing via their companies. The Directors of NDH were keen to focus on its social purpose, and considered criteria such as access to transport when planning additions to its portfolio. Whether it would be appropriate to maintain the loan to equity investment ratio after the first four years of trading would be a decision for Directors, but the company would need to match the landscape of the market at the time, in order to maintain its economic viability.

The Head of Financial Services gave the Board some examples of shared and traded services which other councils had successfully implemented, including: housing development/management; energy companies; facilities management; fleet and construction services; property consultancy; social care; environmental services; culture, sports and leisure services; highways and ground maintenance; and joint venture subsidiaries.

The Cleansing Manager explained that this Council had a strong commercial waste service, operating four vehicles, with a £1.3 million turnover, and which captured one third of local business. This was an in house service rather than a company, so its activities were restricted, but the service was robust and well regarded. Nevertheless, significant opportunities could be opened up by taking a different approach, though there would still be a role for councillors. The Localism Act 2011 afforded new freedoms and flexibilities for local government, with councils permitted to do anything that an individual would do, and enabling this Council to look at its own income generation, by analysing what was done well, and diversifying into new markets. These freedoms did not apply to statutory services, but discretionary services, such as commercial waste, could be included. The importance of due diligence was emphasised: Price Waterhouse Cooper completed due diligence in respect of NDH in order to ensure that the right level of support was provided.

The Facilities and Office Services Manager explained that this Council had its own hydropower generation plant, and was already generating income from tendering out the supply of electricity. In addition, this Council was actively investigating the feasibility of installing a private wire between the plant and Millmead, and facilitating the sale of electricity from the private wire. The Facilities and Officer Services Manager outlined opportunities for other hydro electricity generation along the River Wey and early discussions had opened up with relevant landowners. The Facilities and Office Services Manager went on to describe the range of sustainable technologies and opportunities available, including: heat pumps; wind generation; solar; combined heat and power systems; LED lighting; variable speed drive; boiler improvements; building management systems; biomass boilers; general smaller energy efficiency projects; district heating systems; and hydropower. This Council was already using all but two of these technologies: wind generators were unlikely in or around Guildford due to poor wind mapping results, although a district heating system had been included in the proposed plans for the Guildford Park redevelopment.

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The board discussed that it would be appropriate to build a business case to install more green technology, and that this Council needed to be able to forecast a sensible payback on any initial investment. A business plan and options analysis were currently under development with partners with a view to setting up an energy service company (ESCO).

The Head of Financial Services informed the Board that there were further commercial opportunities available to the Council that would both generate an income stream, and a return on investment, as well as help the Council achieve other corporate plan objectives whilst benefitting the local community. Areas of opportunity discussed included provision of student accommodation, key worker housing around key sites such as the hospital, and provision of new combined health and community facilities in high need areas of the borough.

The Board agreed that these projects provided some exciting and ambitious opportunities. The projects would have different lead times, so the Board was reassured that there would not be a problem in trying to do too much too quickly. Previous learning would be applied across new projects, and outside expertise drawn on as appropriate. As business cases were developed, decisions would be made on a project-by-project basis on whether to proceed as a joint venture, or whether to form a wholly owned company, to ensure the right solutions in each case, and to continue to generate income.

The Board suggested that other options for shared and traded services could include domotics, electric vehicles, and woodland management. Some very interesting ideas that came out of the October 2016 Smart Cities Energy and Climate Change meeting could be taken forward through the Innovation Board. The Office Services Manager had arranged a workshop for officers in June, with a follow-on meeting to include Councillors. The Board would continue to have a role in considering business cases for shared and traded services and making recommendations.

S6 PROGRESS WITH ITEMS PREVIOUSLY CONSIDERED BY THE EAB

The report was noted by the Board.

S7 EAB WORK PROGRAMME

The work programme was noted by the Board.

The meeting finished at 8.55 pm

Signed

Date

Chairman