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Contact Officer:

John Armstrong, Democratic Services Manager
Tel: 01483 444102

13 September 2017

Dear Councillor

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, 21 SEPTEMBER 2017 at 7.00 pm.**

Yours faithfully

James Whiteman
Managing Director

MEMBERS OF THE COMMITTEE

Chairman: Councillor Gordon Jackson
Vice-Chairman: Councillor Jo Randall

Councillor Alexandra Chesterfield	+Mrs Maria Angel
Councillor Colin Cross	^Mr Charles Hope
Councillor Mike Hurdle	^Ms Geraldine Reffo
Councillor Nigel Kearse	^Mr Ian Symes
Councillor Nigel Manning	

*Independent member

^ Parish member

Authorised Substitute Members:

Councillor Richard Billington	Councillor Christian Holliday
Councillor Andrew Gomm	Councillor Susan Parker
Councillor David Goodwin	Councillor David Reeve
Councillor Liz Hogger	Councillor Caroline Reeves

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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 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 - 4)**

To confirm the minutes of the meeting of the Corporate Governance and Standards Committee held on 27 July 2017.
- 4 2016-17 AUDIT FINDINGS REPORT: YEAR ENDED 31 MARCH 2017 (Pages 5 - 52)**
- 5 2016-17 AUDITED STATEMENT OF ACCOUNTS (Pages 53 - 170)**
- 6 FINANCIAL MONITORING 2017-18 PERIOD 3 (APRIL TO JUNE 2017) (Pages 171 - 224)**
- 7 GENERAL DATA PROTECTION REGULATION: GOVERNANCE ARRANGEMENTS (Pages 225 - 232)**
- 8 COUNCILLOR TRAINING AND DEVELOPMENT UPDATE (Pages 233 - 250)**
- 9 WORK PROGRAMME (Pages 251 - 256)**

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CORPORATE GOVERNANCE AND STANDARDS COMMITTEE

27 July 2017

- * Councillor Gordon Jackson (Chairman)
- * Councillor Jo Randall (Vice-Chairman)

- | | |
|-------------------------------------|----------------------|
| * Councillor Alexandra Chesterfield | * Mrs Maria Angel |
| * Councillor Colin Cross | * Mr Charles Hope |
| * Councillor Mike Hurdle | * Ms Geraldine Reffo |
| * Councillor Nigel Kearse | * Mr Ian Symes |
| Councillor Nigel Manning | |

*Present

The Lead Councillor for Infrastructure and Governance, Councillor Matt Furniss and the Lead Councillor for Finance and Asset Management, Councillor Michael Illman were also in attendance.

CGS13 APOLOGIES FOR ABSENCE AND NOTIFICATION OF SUBSTITUTE MEMBERS

Apologies for absence were received from Councillor Nigel Manning.

CGS14 LOCAL CODE OF CONDUCT - DISCLOSURE OF INTERESTS

There were no disclosures of interest.

CGS15 MINUTES

The Committee confirmed as a correct record the minutes of the meeting held on 15 June 2017. The Chairman signed the minutes.

CGS16 EXTERNAL AUDIT UPDATE

The Committee considered an update report from the Council's external auditors, Grant Thornton on the audit of the Council's 2016-17 financial statements. The auditors had reported that, to date, they had found no significant issues to bring to the Committee's attention. Once completed, the auditors would bring a comprehensive report with full findings to the Committee in September 2017.

The Committee

RESOLVED:

That the content of the External Auditor's update report be noted.

Reason for Decision:

To allow the Committee to comment on the External Auditor's update report.

CGS17 RISK MANAGEMENT STRATEGY AND FRAMEWORK 2017

The Committee considered a report on the adoption of a revised Risk Management Strategy and Framework 2017. Risk management was an integral part of the Council's governance framework, but it was an everyday occurrence within services, whether the decision making process was formal or informal. The Committee noted that its terms of reference included

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'monitoring the effective development and operation of risk management and corporate governance in the Council'.

Risk was not just about identifying negative events, it was also about identifying the positives and the opportunities within day-to-day service delivery or projects. This had become more relevant and important given the Council's ambitious Corporate Plan, the financial pressures that the Council as facing and the desire to look for income generating business opportunities. It was also sound business practice.

The Council's objectives for risk and opportunity management were to:

- (i) embed risk and opportunity management into the culture of the Council
- (ii) embed the culture of risk and opportunity management at a strategic and operational level and within all projects and partnerships
- (iii) identify and manage the key risks and opportunities facing the Council
- (iv) maximise the opportunities for achieving the corporate objectives and minimise the risks of service failure
- (v) learn from opportunity outcomes and risk failures to improve awareness and our systems and processes.
- (vi) use risk and opportunity management to support the decision-making processes - both strategic and operational
- (vii) comply with our legal obligations and ensure that effective risk and opportunity management arrangements were in place to support the Annual Governance Statement and the overall governance framework of the Council.

Risk management was designed to ensure that the key risks and the opportunities relating to corporate objectives were identified and managed. Failure to do so could have a significant impact on the Council's performance and ability to achieve stated objectives. However, it was recognised that risk could not be eradicated and to try to do so would mean that the organisation would not change or move forward.

The challenge for the Council was to achieve high performing, innovative services through the sensible management of risk and opportunity.

Having considered the report, the Committee

RESOLVED:

That the Committee commends to the Executive the adoption of the Risk Management Strategy and Framework 2017, subject to the following comments:

- (a) the inclusion in *Step 8: Review, Report and Monitor* of the requirement for an annual report to be presented to the Corporate Governance and Standards Committee reviewing progress on the management of risk within the Council generally and monitoring future progress against the Strategy and Framework; and
- (b) the inclusion in the corporate report template of a separate section on "Risk Management Implications"

Reason for Decision:

To ensure that there is a system for effective monitoring, development and operation of risk management in the Council.

CGS18 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. The Committee also noted the various corrections to the report including updated statistical information as set out on the Supplementary Information sheet circulated at the meeting.

The Committee was pleased to note that, for the calendar year up to 10 July 2017, the Council's overall performance rate for responding to FOI requests within the 20 working day deadline stood at 92%, which compared favourably with the figure of 89.5% recorded for the same period in 2016. The Council was therefore currently meeting both the Information Commissioner's performance indicator of 85%, and the 90% target agreed by the Corporate Management Team.

The Committee

RESOLVED:

That the actions taken by officers be noted and that the Committee continues to receive updates to ensure that the Council continues to meet and, wherever possible, exceed, the 90% compliance target.

Reason for Decision:

To ensure that the Committee is kept up to date with FOI/EIR performance.

CGS19 SUMMARY OF INTERNAL AUDIT REPORTS OCTOBER 2016 - MARCH 2017

The Committee considered a report setting out a summary of Internal Audit Reports for the period October 2016 to March 2017.

Questions from the Committee raised the following points and information:

- In relation to the implications of the implementation of the General Data Protection Regulation (GDPR), it was suggested that the officer Project Board established to oversee this work should involve councillors at an appropriate stage to discuss the practicalities and implications of GDPR from the councillor's perspective, including training
- In relation to those audit reports where the audit opinion was classified as "limited assurance", the Chief Internal Auditor confirmed that the audit team revisited those areas that were subject to the initial report within six months to ensure that audit findings and recommendations had been implemented
- The Chief Internal Auditor confirmed that the write-offs of housing benefit overpayments over £10,000 referred to in the report had not been properly authorised by the Lead Councillor for Finance, in accordance with the requirements of Financial Procedure Rules.

Having considered the various reports, the Committee,

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RESOLVED:

That the contents of the summary of audit reports and other associated work for the period 1 October 2016 to 31 March 2017 be noted.

Reason for Decision:

To ensure an adequate level of audit coverage.

CGS20 WORK PROGRAMME

The Committee, having considered its proposed work programme for the remainder of the 2017-18 municipal year,

RESOLVED: That the updated work programme for 2017-18, as set out in Appendix 1 to the report submitted to the Committee, be approved.

Reason for Decision:

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

The meeting finished at 7.40 pm

Signed

Chairman

Date

Corporate Governance and Standards Committee Report

Report of Chief Finance Officer

Author: Claire Morris

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Email: claire.morris@guildford.gov.uk

Lead Councillor responsible: Michael Illman

Tel: 07742 731535

Email: michael.illman@guildford.gov.uk

Date: 21 September 2017

2016-17 Audit Findings Report: Year Ended 31 March 2017

Executive Summary

The audit of the 2016-17 accounts is nearly complete and the independent auditor intends to issue an unqualified opinion on the financial statements, which the (Chief Finance Officer (CFO) will re-certify in accordance with the Accounts and Audit Regulations 2015 immediately after the Committee meeting. The auditors have issued an Audit Findings report, which is included in Appendix 1, along with a management action plan (Audit Findings Report, appendix A).

The auditors have not found any misstatements that affect the primary financial statements or financial position of the Council. They have found one misstatement, relating to the gross value and accumulated depreciation value of property plant and equipment stated in the disclosure notes of the accounts. As the net value of plant property and equipment, as shown in the balance sheet, is not affected, we have chosen not to adjust the misstatement and will amend our records for the 2017-18 accounts. The auditors have also identified some improvements to disclosure notes, which we amended for the final set of accounts.

The auditors propose to give an unqualified Value for Money conclusion. Their recommendations relating to value for money are included in the action plan. The recommendations relate to the work of the newly formed Transformation Board and the profiling of the Council's capital projects.

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

Recommendation to Committee

- (1) That Grant Thornton's Audit Findings report, as set out in Appendix 1 to this report, be noted together with the management responses provided in the action plan, as set out as Appendix A to Appendix 1.

- (2) That the letter of representation, as set out in Appendix 2 to this report, be approved and that the Chairman (or person presiding at the meeting) be authorised to sign the letter on the Council's behalf.

Reason for Recommendation:

To allow the external auditor to issue his opinion on the 2016-17 accounts.

1. Purpose of Report

- 1.1 The report asks the Committee to consider the external auditor's Audit Findings Report (AFR) for the 2016-17 financial year and the issues it raises.

2. Strategic Framework

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

3. Background

- 3.1 The Audit Commission carried out a tender exercise in 2011 for the provision of external audit to local authorities and appointed Grant Thornton as our auditors.
- 3.2 Grant Thornton prepares its AFR to meet the requirements of the Local Audit and Accountability Act 2014 and the National Audit Office Code of Audit Practice by reporting on:
- (a) the Council's financial statements; and
 - (b) whether the Council has made proper arrangements for securing value for money in its use of resources
- 3.3 The International Standard on Auditing 260 requires "those charged with governance" to consider the report before the external auditor can sign off his opinion on the accounts. The statutory deadline for issuing the audit opinion is 30 September.
- 3.4 Appendix 1 is the final AFR for 2016-17. The auditors suggested a number of improvements to disclosures for which we amended the notes to the financial statements and found one misstatement, which we have not amended due to nil overall impact on the net value included within the balance sheet.
- 3.5 In relation to the statement of accounts, the auditors concluded that the Council produced a good set of financial statements, supported by comprehensive working papers and has reduced the time taken to produce its statements this year. The Auditors did not identify any adjustments which impact on the primary statements. However, they did identify some changes to disclosures in the accompanying notes and suggested improvements to the presentation of the statements. The auditors also concluded that the Annual Governance Statement and Narrative Report are consistent with the financial statements.

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

4. Financial Implications

- 4.1 There are no financial implications because of this report.

5. Legal Implications

- 5.1 The International Standard on Auditing (UK and Ireland) 260 requires the external auditor to report any issues arising from the audit of the Financial Statements to those charged within governance. In the Council's case, this is the Corporate Governance and Standards Committee.
- 5.2 The International Standard on Auditing (UK and Ireland) 580 requires the CFO to send a letter of representation to the external auditor. Appendix 2 is a draft of the 2016-17 letter of representation, which officers recommend that the Committee approves and that the chairman signs the letter of representation on the Council's behalf.

6. Human Resource Implications

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

7. Conclusion

- 7.1 The audit of the 2016-17 accounts is nearly complete and the independent auditor intends to issue an unqualified opinion on the financial statements, which the CFO will re-certify in accordance with the Accounts and Audit Regulations 2015. The auditors did not find any adjustments that affected our reported financial position but did identify some improvements to disclosure notes.
- 7.2 The auditors propose to give an unqualified Value for Money conclusion. Their recommendations relating to value for money are included in the action plan.

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8. Background Papers

2016-17 Statement of Accounts

9. Appendices

Appendix 1: Draft Audit Findings report 2016-17

Appendix 2: Letter of Representation

The Audit Findings for Guildford Borough Council

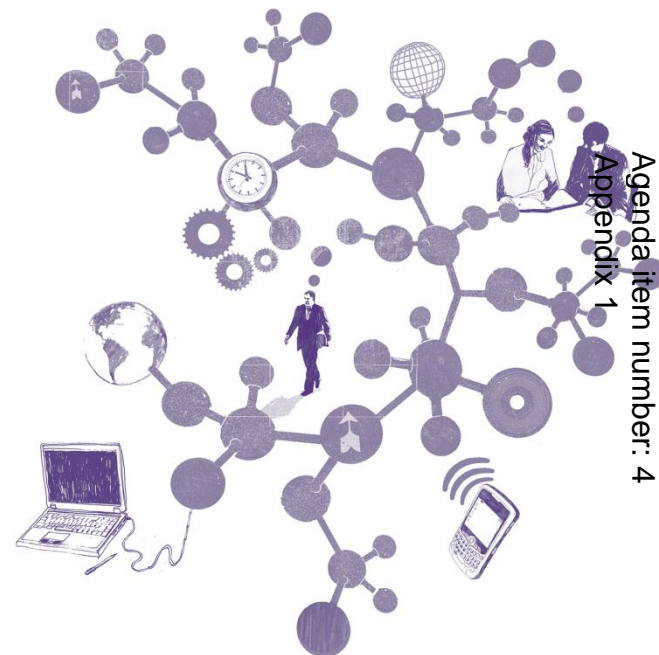
Year ended 31 March 2017

21 September 2017

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Guildford Borough Council
Millmead House
Millmead
Guildford
Surrey GU2 4BB

21 September 2017

Dear Members

Audit Findings for Guildford Borough Council for the year ending 31 March 2017

This Audit Findings report highlights the key findings arising from the audit that are significant to the responsibility of those charged with governance (in the case of Guildford Borough Council, the Corporate Governance and Standards Committee), to oversee the financial reporting process, as required by International Standard on Auditing (UK & Ireland) 260, the Local Audit and Accountability Act 2014 and the National Audit Office Code of Audit Practice. Its contents have been discussed with officers.

As auditor we are responsible for performing the audit, in accordance with International Standards on Auditing (UK & Ireland) ('ISA (UK&I)'), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities for the preparation of the financial statements.

The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed primarily for the purpose of expressing our opinion on the financial statements and giving a value for money conclusion. Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify any control weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose defalcations or other irregularities, or to include all possible improvements in internal control that a more extensive special examination might identify. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

We would like to take this opportunity to record our appreciation for the kind assistance provided by the finance team and other staff during our audit.

Yours sincerely

Elizabeth Jackson

Engagement lead

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Agenda item number: 4
Appendix 1

Chartered Accountants

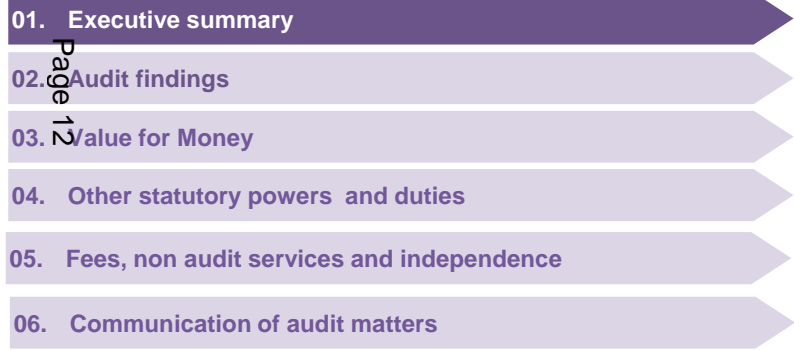
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Section 1: Executive summary



A vertical list of six items, each represented by a horizontal bar with an arrowhead pointing to the right. The bars are stacked vertically. The first bar is dark purple, and the others are a lighter shade of purple. The text is white on the dark bar and dark purple on the lighter bars.

01. Executive summary
02. Audit findings
03. Value for Money
04. Other statutory powers and duties
05. Fees, non audit services and independence
06. Communication of audit matters

Purpose of this report

This report highlights the key issues affecting the results of Guildford Borough Council ('the Council') and the preparation of the Council's financial statements for the year ended 31 March 2017. It is also used to report our audit findings to management and those charged with governance in accordance with the requirements of ISA (UK&I) 260, and the Local Audit and Accountability Act 2014 ('the Act').

Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to report whether, in our opinion, the Council's financial statements give a true and fair view of the financial position of the Council and its income and expenditure for the year and whether they have been properly prepared in accordance with the CIPFA Code of Practice on Local Authority Accounting. .

We are also required to consider other information published together with the audited financial statements (including the Annual Governance Statement (AGS) and Narrative Report, whether it is consistent with the financial statements, apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Group acquired in the course of performing our audit; or otherwise misleading.

We are required to carry out sufficient work to satisfy ourselves on whether the Council has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources ('the value for money (VFM) conclusion'). Auditor Guidance Note 7 (AGN07) clarifies our reporting requirements in the Code and the Act. We are required to provide a conclusion whether in all significant respects, the Council has put in place proper arrangements to secure value for money through economic, efficient and effective use of its resources for the year.

The Act also details the following additional powers and duties for local government auditors, which we are required to report to you if applied:

- a public interest report if we identify any matter that comes to our attention in the course of the audit that in our opinion should be considered by the Council or brought to the public's attention (section 24 of the Act);
- written recommendations which should be considered by the Council and responded to publicly (section 24 of the Act);
- application to the court for a declaration that an item of account is contrary to law (section 28 of the Act);
- issue of an advisory notice (section 29 of the Act); and
- application for judicial review (section 31 of the Act).

We are also required to give electors the opportunity to raise questions about the accounts and consider and decide upon objections received in relation to the accounts under sections 26 and 27 of the Act.

Introduction

In the conduct of our audit we have not had to alter or change our audit approach, which we communicated to you in our Audit Plan dated March 2017.

Our audit is substantially complete although we are finalising our procedures in the following areas:

- viewing a sample of PPE and Investment Properties to verify existence
- review of cashflow statement and CIES allocation
- review of councillors' allowances and officers remuneration
- review of the final version of the financial statements
- obtaining and reviewing the management letter of representation
- review of revised version of the Annual Governance Statement and
- updating our post balance sheet events review, to the date of signing the opinion

We received draft financial statements and accompanying working papers at the commencement of our work, in accordance with the agreed timetable. Specific discussions will be held following the conclusion of our audit to discuss ways in which the financial reporting and external audit process can be further streamlined to ensure a successful Early Close in 2017/18.

Key audit and financial reporting issues

Financial statements opinion

We have not identified any adjustments affecting the Council's reported financial position). The draft financial statements for the year ended 31 March 2017 recorded a surplus on Provision of Services of £9,746k; we have not identified any changes. We have however agreed a small number of changes to disclosures within notes to the primary statements and some improvements in the presentation of the financial statements.

The key messages arising from our audit of the Council's financial statements are:

- The Council produced a good set of financial statements supported by comprehensive working papers in line with the timescales agreed. Officers have responded promptly and helpfully to queries that we raised during the course of the audit.
- The Council has reduced the time taken to produce its statements this year. We have discussed with finance staff how the accounts production and audit processes can be further streamlined to meet the requirement in 2017/18 to produce accounts by 31 May and audited by 31 July.
- We have not identified any adjustments which impact on the primary statements. We have identified some changes to disclosures in the accompanying notes and suggested improvements to the presentation of the statements which officers have accepted.

Further details are set out in section two of this report.

We anticipate providing a unqualified audit opinion in respect of the financial statements (see Appendix B).

Other financial statement responsibilities

As well as an opinion on the financial statements, we are required to give an opinion on whether other information published together with the audited financial statements is consistent with the financial statements. This includes the AGS and Narrative Report is misleading or inconsistent with the information of which we are aware from our audit.

Based on our review of the Council's Narrative Report and AGS we are satisfied that they are consistent with the audited financial statements. We are also satisfied that the AGS meets the requirements set out in the CIPFA/SOLACE guidance and that the disclosures included in the Narrative Report are in line with the requirements of the CIPFA Code of Practice.

Controls

Roles and responsibilities

The Council's management is responsible for the identification, assessment, management and monitoring of risk, and for developing, operating and monitoring the system of internal control.

Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify any control weaknesses, we report these to the Council.

Findings

Our work has not identified any control weaknesses which we wish to highlight for your attention.

Value for Money

Based on our review, we are satisfied that, in all significant respects, the Council had proper arrangements in place to secure economy, efficiency and effectiveness in its use of resources.

Further detail of our work on Value for Money are set out in section three of this report.

Other statutory powers and duties

We have not identified any issues that have required us to apply our statutory powers and duties under the Act.

Further details of our work on other statutory powers and duties is set out in section four of this report.

Grant certification

In addition to our responsibilities under the Code, we are required to certify the Council's Housing Benefit subsidy claim on behalf of the Department for Work and Pensions. At present our work on this claim is in progress and is not due to be finalised until 30 November 2017. We will report the outcome of this certification work through a separate report to the Corporate Governance and Standards Committee in early 2018.

Our certification work to date has not identified any additional findings.

The way forward

Matters arising from the financial statements audit and our review of the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources have been discussed with the Head of Financial Services.

We have made a number of recommendations, which are set out in the action plan at Appendix A. Recommendations have been discussed and agreed with the Head of Financial Services and the finance team.

Acknowledgement

We would like to take this opportunity to record our appreciation for the assistance provided by the finance team and other staff during our audit.

Grant Thornton UK LLP
September 2017

Section 2: Audit findings

- 01. Executive summary
- 02. Audit findings**
- 03. Value for Money
- 04. Other statutory powers and duties
- 05. Fees, non audit services and independence
- 06. Communication of audit matters

Materiality

In performing our audit, we apply the concept of materiality, following the requirements of ISA (UK&I) 320: Materiality in planning and performing an audit. The standard states that 'misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements'.

As we reported in our audit plan, we determined overall materiality to be £2,200k (being 2% of gross revenue expenditure). We have considered whether this level remained appropriate during the course of the audit and have made no changes to our overall materiality upon receipt of the draft financial statements.

We also set an amount below which misstatements would be clearly trivial and would not need to be accumulated or reported to those charged with governance because we would not expect that the accumulated effect of such amounts would have a material impact on the financial statements. We have defined the amount below which misstatements would be clearly trivial to be £110k. This remains the same as reported in our audit plan.

We have not identified any specific items in the draft financial statements that require a lower materiality to be set for 2016/17.

Misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements; Judgments about materiality are made in light of surrounding circumstances, and are affected by the size or nature of a misstatement, or a combination of both; and Judgments about matters that are material to users of the financial statements are based on a consideration of the common financial information needs of users as a group. The possible effect of misstatements on specific individual users, whose needs may vary widely, is not considered. (ISA (UK&I) 320)

Audit findings against significant risks

In this section we detail our response to the significant risks of material misstatement which we identified in the Audit Plan. As we noted in our plan, there are two presumed significant risks which are applicable to all audits under auditing standards.

Risks identified in our audit plan	Work completed	Assurance gained and issues arising
<p>The revenue cycle includes fraudulent transactions</p> <p>Under ISA (UK&I) 240 there is a presumed risk that revenue may be misstated due to the improper recognition of revenue.</p> <p>This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition.</p> <p style="text-align: right;">Page 18</p>	<p>Having considered the risk factors set out in ISA240 and the nature of the revenue streams at Guildford Borough Council, we have determined that the risk of fraud arising from revenue recognition can be rebutted, because:</p> <ul style="list-style-type: none"> • there is little incentive to manipulate revenue recognition; • opportunities to manipulate revenue recognition are very limited; and • the culture and ethical frameworks of local authorities, including Guildford Borough Council, mean that all forms of fraud are seen as unacceptable. 	<p>Our audit work has not identified any issues in respect of revenue recognition.</p>
<p>Management over-ride of controls</p> <p>Under ISA (UK&I) 240 it is presumed that the risk of management over-ride of controls is present in all entities.</p>	<ul style="list-style-type: none"> • We reviewed and documented the Council's entity-level controls, including those around the processing and authorisation of journals. • We tested journal entries made by officers which met criteria identified from our understanding of the Council's controls. • We reviewed the key accounting estimates, judgements and decisions made by management. • We reviewed the financial statements for unusual significant transactions. We did not identify significant transactions that were unexpected for the Council. 	<p>Our audit work has not identified any evidence of management over-ride of controls. In particular the findings of our review of journal controls and testing of journal controls and testing of journal entries has not identified any significant issues.</p> <p>We set out later in this section of the report our work and findings on key accounting estimates and judgements.</p>

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"Significant risks often relate to significant non-routine transactions and judgmental matters. Non-routine transactions are transactions that are unusual, due to either size or nature, and that therefore occur infrequently. Judgmental matters may include the development of accounting estimates for which there is significant measurement uncertainty." (ISA (UK&I) 315) . In making the review of unusual significant transactions "the auditor shall treat identified significant related party transactions outside the entity's normal course of business as giving rise to significant risks." (ISA (UK&I) 550)

Audit findings against other risks

In this section we detail our response to the other risks of material misstatement which we identified in the Audit Plan. Recommendations, together with management responses are attached at appendix A.

Transaction cycle	Description of risk	Work completed	Assurance gained & issues arising
Employee remuneration Page 19	Payroll expenditure represents a significant percentage of the Council's gross expenditure. We identified the completeness of payroll expenditure in the financial statements as a risk requiring particular audit attention: <ul style="list-style-type: none"> Employee remuneration accruals understated (Remuneration expenses not correct) 	We have undertaken the following work in relation to this risk: <ul style="list-style-type: none"> documented our understanding of processes and key controls over the transaction cycle undertaken walkthrough of the key controls to assess the whether those controls were in line with our documented understanding substantively tested payroll expenditure for Months 1 – 12 completed an analytical review to identify unusual trends and to assess the completeness of payroll expenditure 	Our audit work has not identified any issues in respect of employee remuneration.
Operating expenses	Non-pay expenditure represents a significant percentage of the Council's gross expenditure. Management uses judgement to estimate accruals of un-invoiced non-pay costs. We identified the completeness of non- pay expenditure in the financial statements as a risk requiring particular audit attention: <ul style="list-style-type: none"> Creditors understated or not recorded in the correct period (Operating expenses understated) 	We have undertaken the following work in relation to this risk: <ul style="list-style-type: none"> documented our understanding of processes and key controls over the transaction cycle undertaken walkthrough of the key controls to assess the whether those controls were in line with our documented understanding substantively tested operating expenses for Months 1 – 12 Reviewed a sample of post-year end transactions to assess the completeness of operating expenses 	Our audit work has not identified any issues in respect of operating expenses.

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"In respect of some risks, the auditor may judge that it is not possible or practicable to obtain sufficient appropriate audit evidence only from substantive procedures. Such risks may relate to the inaccurate or incomplete recording of routine and significant classes of transactions or account balances, the characteristics of which often permit highly automated processing with little or no manual intervention. In such cases, the entity's controls over such risks are relevant to the audit and the auditor shall obtain an understanding of them." (ISA (UK&I) 315)

Audit findings against other risks continued

Transaction cycle	Description of risk	Work completed	Assurance gained & issues arising
<p>Valuation of surplus assets and investment property / revaluation measurements not correct</p> <p style="text-align: center;">Page 20</p>	<p>The CIPFA Code of Practice implemented IFRS 13 for the 2015/16 financial statements. 2015/16 was the first year in which the Council was required to include surplus assets within property, plant and equipment and investment property in its financial statements at fair value, as defined by IFRS 13.</p> <p>While no errors were identified in its application by the Council in 2015/16 (either in terms of valuation or disclosure requirements), the continued presence of highly material investment property balances (and surplus assets) and the extent of judgement involved in these valuations means this continues as an area of focus.</p> <p>In addition, while not all properties fall within the scope of IFRS 13, the Council revalue land and buildings and investment properties on an annual basis to ensure that carrying value is not materially different from fair value. This represents a significant estimate by management in the financial statements.</p>	<ul style="list-style-type: none"> • We identified and documented the controls put in place by management to ensure that the revaluation process does not give rise to a material misstatement. • We reviewed management's processes and assumptions for the calculation of the estimate, reviewing the competence, expertise and objectivity of management's valuation experts; and reviewing the instructions issued to the valuation experts and the scope of their work. • We discussed with the valuer the basis on which the valuation was carried out and challenged the reasonableness of the key assumptions and why other assumptions were not used. • We reviewed and tested the information provided by management to the valuer in calculating the estimate to ensure it was robust and consistent with our knowledge of the assets being valued. • We tested the revaluations made during the year to ensure they were input correctly into the Council's asset register, and appropriate accounting entries were made in the financial statements. • We reviewed the disclosures made by the Council in its financial statements to ensure they were in accordance with the requirements of the CIPFA Code of Practice and IFRS 13. 	<p>Our audit work has not identified any issues in respect of the valuation of surplus assets and investment property / the appropriateness of revaluation measurements.</p>

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Audit findings against other risks continued

Transaction cycle	Description of risk	Work completed	Assurance gained & issues arising
<p>Changes to the presentation of local authority financial statements</p> <p style="text-align: center;">Page 21</p>	<p>CIPFA has been working on the 'Telling the Story' project, for which the aim was to streamline the financial statements and improve accessibility to the user and this has resulted in changes to the 2016/17 CIPFA Code of Practice.</p> <p>The changes affect the presentation of income and expenditure in the financial statements and associated disclosure notes. A prior period adjustment (PPA) to restate the 2015/16 comparative figures is also required.</p>	<p>We have undertaken the following work in relation to this risk:</p> <ul style="list-style-type: none"> documented and evaluated the process for the recording the required financial reporting changes to the 2016/17 financial statements reviewed the re-classification of the Comprehensive Income and Expenditure Statement (CIES) comparatives to ensure that they are in line with the Council's internal reporting structure reviewed the appropriateness of the revised grouping of entries within the Movement In Reserves Statement (MIRS) tested the classification of income and expenditure for 2016/17 recorded within the Cost of Services section of the CIES tested the completeness of income and expenditure by reviewing the reconciliation of the CIES to the general ledger tested the classification of income and expenditure reported within the new Expenditure and Funding Analysis (EFA) note to the financial statements reviewed the new segmental reporting disclosures within the 2016/17 financial statements to ensure compliance with the CIPFA Code of Practice. 	<p>Our audit work has not identified any issues in respect of the changes to the presentation of the financial statements.</p>
<p>Valuation of the pension fund net liability</p>	<p>The Council's pension fund asset and liability as reflected in its balance sheet represent a significant estimate in the financial statements.</p>	<p>We have undertaken the following work in relation to this risk:</p> <ul style="list-style-type: none"> documented the key controls that were put in place by management to ensure that the pension fund liability and associated transactions were not materially misstated. walked through the key controls to assess whether they were implemented as expected to mitigate the risk of material misstatement in the financial statements. reviewed the competence, expertise and objectivity of the actuary who carried out the valuation of the Council's pension fund asset and liability, including using an auditor's expert to give comfort over the key assumptions used in the valuation. obtained assurance from the auditor of Surrey pension fund that controls around the inputs into the valuation were operating effectively to prevent material misstatement. gained an understanding of the basis on which the IAS 19 valuation was carried out, undertaking procedures to confirm the reasonableness of the actuarial assumptions made. ensured that transactions and balances relating to the pension fund asset and liability and disclosures in notes to the financial statements were consistent with the valuation report from your actuary and properly processed in your financial statements. 	<p>Our audit work has not identified any issues in respect of the valuation of the pension fund net liability, or of transactions and disclosures relating to it in the financial statements.</p>

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Audit findings against other risks continued


Going concern

As auditors, we are required to “obtain sufficient appropriate audit evidence about the appropriateness of management's use of the going concern assumption in the preparation and presentation of the financial statements and to conclude whether there is a material uncertainty about the entity's ability to continue as a going concern” (ISA (UK&I) 570).

We reviewed the management's assessment of the going concern assumption and the disclosures in the financial statements and concluded that the going concern basis is appropriate for the 2016/17 financial statements.

Accounting policies, estimates and judgements

In this section we report on our consideration of accounting policies, in particular revenue recognition policies, and key estimates and judgements made and included with the Council's financial statements.

Accounting area	Summary of policy	Comments	Assessment
<p>Revenue recognition</p> <p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 23</p>	<ul style="list-style-type: none"> Revenue from the sale of goods is recognised when the Council transfers the risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential of the transaction will flow to the Council. Revenue from the provision of services is recognised when the Council can reliably measure the percentage of completion of the transaction and it is probable that economic benefits or service potential of the transaction will flow to the Council. Revenue relating to non-contractual, non-exchange transactions such as council tax, business rates and housing rents are measured at the full amount receivable when it is probable that the economic benefits of the transaction will flow to the Council. 	<p>The Council's accounting policy for revenue recognition covers all major revenue streams and is appropriate under the CIPFA Code. There is limited judgement involved in revenue recognition other than around the impairment of receivables, which is disclosed in the note on assumptions and sources of estimation uncertainty. The disclosure of the accounting policy is sufficiently clear.</p>	<p style="text-align: center;">  Green </p>

Assessment


● Marginal accounting policy which could potentially attract attention from regulators appropriate and disclosures sufficient

● Accounting policy appropriate but scope for improved disclosure

● Accounting policy

Accounting policies, estimates and judgements

In this section we report on our consideration of accounting policies, in particular revenue recognition policies, and key estimates and judgements made and included with the Council's financial statements.

Accounting area	Summary of policy	Comments	Assessment
<p>Estimates and judgements</p> <p style="text-align: center;">Page 24</p>	<p>Key estimates and judgements include:</p> <ul style="list-style-type: none"> The judgement as to whether individual assets are classified as property, plant and equipment, investment property or heritage assets. The basis of valuation of property, plant and equipment and investment property. The estimated useful lives of property, plant and equipment and consequent depreciation on these assets. The valuation of pension fund asset and liability. The valuation of provision for doubtful debts. The valuation of provision for losses arising from appeals against business rating decisions. 	<p>We have reviewed the basis of the estimates and judgements and the disclosure of these in the Council's financial statements.</p> <ul style="list-style-type: none"> We are satisfied with the Council's judgement as to whether assets are property, plant and equipment, investment property or heritage assets and with the disclosure of this within Note 30. We have considered the independence, objectivity and capability of your valuers and determined we could place reliance on their work. We have reviewed the basis of the valuation and ensured that you had correctly reflected the results of their work in your financial statements. We concluded that property, plant and equipment and investment property were materially fairly valued in your financial statements, including those assets which were not revalued in the current year, (although we have requested a management representation with respect to the assumptions used) and that the disclosure of the valuation in your financial statements was satisfactory. We performed a substantive analytical review of depreciation against our expectations based on the value of assets and useful economic lives and concluded that depreciation on your assets was materially fairly stated. We reviewed the disclosure of depreciation methods and useful lives in your statements, including disclosure of estimation uncertainty, and found this to be satisfactory. We have considered the independence, objectivity and capability of your pension fund actuary and determined we could place reliance on their work. We gained assurance over the inputs into the valuation of the pension fund asset and liability from the work of the auditors of the Surrey Pension Fund. We have reviewed the actuary's report and are satisfied that you have correctly reflected the results of their work in your financial statements, including the disclosures which are required by the Code. We are also satisfied with the disclosure of estimation uncertainty in respect of this estimate. We have reviewed the basis of your calculation of the provision for doubtful debts and of the provision for losses arising from appeals against business rating decisions and are satisfied that these are materially fairly stated in your financial statements and that disclosure of the estimation uncertainty in respect of both these estimates is sufficient. 	<p style="text-align: center;">  Green </p>



Assessment

● Marginal accounting policy which could potentially attract attention from regulators appropriate and disclosures sufficient

● Accounting policy appropriate but scope for improved disclosure

● Accounting policy

Accounting policies, estimates and judgements continued

Accounting area	Summary of policy	Comments	Assessment
Going concern	Members and officers have a reasonable expectation that the services provided by the Council will continue for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.	We have reviewed the Council's assessment and are satisfied with management's assessment that the going concern basis is appropriate for the 2016/17 financial statements.	 Green
Other accounting policies	We have reviewed the Council's policies against the requirements of the CIPFA Code of Practice. The Council's accounting policies are appropriate and consistent with previous years.	Our review of accounting policies has not highlighted any issues which we wish to bring to your attention.	 Green

Assessment

● Marginal accounting policy which could potentially attract attention from regulators appropriate and disclosures sufficient

● Accounting policy appropriate but scope for improved disclosure

● Accounting policy

Other communication requirements

We set out below details of other matters which we, as auditors, are required by auditing standards and the Code to communicate to those charged with governance.

	Issue	Commentary
1.	Matters in relation to fraud	<ul style="list-style-type: none"> We have previously discussed the risk of fraud with management, internal audit and the Corporate Governance and Standards Committee, who did not bring any matters in relation to fraud to our attention. We have not been made aware of any other incidents in the period and no other issues have been identified during the course of our audit to bring to your attention.
2.	Matters in relation to related parties	<ul style="list-style-type: none"> From the work we carried out, we have not identified any related party transactions which have not been disclosed. The disclosure note has been amended to clarify that an individual grant paid to a voluntary organisation of £22,840 is part of the total grants paid in 2016/17 of £60,310 separately reported in the note.
3.	Matters in relation to laws and regulations	<ul style="list-style-type: none"> You have not made us aware of any significant incidences of non-compliance with relevant laws and regulations and we have not identified any incidences from our audit work.
4.	Written representations	<ul style="list-style-type: none"> A standard letter of representation has been requested from the Council, which is included in the Corporate Governance and Standards Committee papers.
5.	Confirmation requests from third parties	<ul style="list-style-type: none"> We obtained direct confirmations from PWLB for the relevant loans the Council has with PWLB. We also requested from management permission to send confirmation requests to a number of counterparties to cash and cash equivalent balances. Management have co-ordinated the confirmation of investment and borrowings confirmation requests, although we have received such confirmation responses directly and have therefore maintained control of the process. As at the date of writing the report, 1 September 2017, we have not received direct confirmations from two institutions. We have therefore undertaken alternative procedures, including confirmation to certificates of deposit for these balances held by the Council.
6.	Disclosures	<ul style="list-style-type: none"> Our review found no material omissions in the financial statements.
7.	Matters on which we report by exception	<ul style="list-style-type: none"> We are required to report on a number of matters by exception in a number of areas: We have not identified any issues we would be required to report by exception in the following areas If the Annual Governance Statement does not meet the disclosure requirements set out in the CIPFA/SOLACE guidance or is misleading or inconsistent with the information of which we are aware from our audit The information in the Narrative Report is materially inconsistent with the information in the audited financial statements or our knowledge of the Group/Council acquired in the course of performing our audit, or otherwise misleading.
8.	Specified procedures for Whole of Government Accounts	<p>We are not required to carry out any procedures in respect of the Council's whole of government accounts return as the Council is below the threshold where work is required.</p>

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Internal controls – review of issues raised in prior year

	Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
1.	✓	<ul style="list-style-type: none"> From our testing of employee remuneration (in 2014/15 and 2015/16) we identified a software issue whereby the Council's payroll system incorrectly calculates employer national insurance contributions relating to childcare payments. This led to a classification issue within gross pay costs and did not affect expenditure in the financial statements. The Council was satisfied that the issue relates only to classification between the salary and NI subjectives, and does not result in an error in NI contributions remitted to HMRC. 	<p>Payroll Manager: There was not a problem with the system (Selima); this was a configuration problem, which has now been corrected.</p> <p>[Audit comment: our sample testing has not identified a re-occurrence of this as an issue in 16/17]</p>
2.	✓	<ul style="list-style-type: none"> We identified a further software issue (in 2014/15 and 2015/16) whereby the pension contributions were incorrectly calculated for new starters commencing employment part-way through a month. From further work performed, we were satisfied in both years that this will not result in a material misstatement to the Council's employee remuneration costs. The risk is that amounts remitted to Surrey Pension Fund are incorrect. We have concluded however (in both years) that the amounts involved are immaterial from an accounts perspective. 	<p>Payroll Manager: A new item has been added to the starter checklist and any system calculation is manually overridden.</p> <p>[Audit comment: our sample testing has not identified a re-occurrence of this as an issue in 16/17]</p>

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Assessment

- ✓ Action completed
- X Not yet addressed

Internal controls – review of issues raised in prior year


	Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
3.	In progress	<ul style="list-style-type: none"> The Council's Acceptable Use Policy and ICT Security Policy have not been reviewed or updated since 2008 and 2013 respectively. Without regular review, there is a risk that the policies and related procedures are no longer applicable to the needs and security of the business, which may compromise the company's IT computing environment. 	Key policies are now being reviewed and published. Following the completion of the ICT restructure and the appointment of a new Dev/Ops Manager (anticipated early in Q4 this year) the on-going review and publication cycle will be fully implemented by this individual using the document and knowledge management function in the new service desk product, NetHelpDesk.
4.	✓	<p>For Selima, we noted that:</p> <ul style="list-style-type: none"> The Selima HR system does not have a restriction on the number of times a user can validate their account using incorrect authentication details. Not having a limit on the number of incorrect password attempts will make it easier for a brute force password attack to be applied on the application, leading to unauthorised access to sensitive HR information Selima's passwords expire every 100 days, and this is not in line with the Council ICT Security Policy. Leaving a password unchanged for a longer period of time increases the risk of the password being compromised. 	<ul style="list-style-type: none"> The HR Systems Administrator emailed Grant Thornton auditor which contained a screenshot showing the system locked out after 5 failed attempts. This was the standard and has always existed. This has now been reduced to 3 failed attempts as suggested. The HR Systems Administrator continues to believe that a 100 policy is the most appropriate given that a 90 policy may 'time the user out' between payslips, reflecting the fact that payslips are updated monthly (which on average is greater than 30 days). The policy has been updated to allow for 100 day expiry.

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Assessment

- ✓ Action completed
- X Not yet addressed

Internal controls – review of issues raised in prior year

	Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
Page 29	In progress	<ul style="list-style-type: none"> Security administrators for ICT systems rely on the line managers and HR to notify them when users leave the Council. We noted that HR only sends reports of leavers on a quarterly basis. The eFinancials team performs a weekly access review by checking the users against windows Active Directory list to ensure users not on this have access rights disabled promptly. However, there is a risk that the windows user list may not be up to date because of delays in leavers being notified. There is a potential risk that accounts belonging to leavers remain enabled within these systems. These accounts could be subject to misuse by other employees. 	<p>This remains in progress. Management contend that a large number of staff (Casual, Agency, Consultants) are not given IT access due to the nature of their role, and that a leaver capture system based solely on IT access risks not capturing complete leaver information.</p> <p>Therefore methods are being explored by which line managers reports can be tailored to ensure that the leaver reporting appropriately captures all types of staff (Permanent, Casual, Agency). This process is currently in development and also covers movers and starters.</p>
		<ul style="list-style-type: none"> Documented policies and procedures had not been formally established addressing change management processes and related control requirements within applications. Without documented and approved policies and procedures, there is a risk that changes made do not have a business justification and are applied without sufficient evaluation or testing. 	<p>A change management policy is in place for all ICT changes and has been shared with system administrators outside ICT. A Change Advisory Board has been established to consider requests for change and formal change management processes with appropriate documentation and governance have been embedded in the organisation for all ICT changes. This has already lead to a significant increase in the recording of changes and corresponding reduction in failed change. Data from this process is being monitored to identify opportunities for further improvement.</p>

Assessment

- ✓ Action completed
- X Not yet addressed

Internal controls – review of issues raised in prior year

	Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
7.	✓	<ul style="list-style-type: none"> Larger categories of Other Land & Buildings, currently subject to a rolling programme of revaluation, should be revalued on a more frequent basis. 	<p>As at 31/03/2017 the Council's valuation for Other Land & Buildings was £201.9m. Of this, £156.4m (77%) was revalued in 2016/17. This is a considerably higher proportion than the comparative percentage rate for 2015/16 (7%).</p>
8.	✓	<ul style="list-style-type: none"> Senior officers should review and authorise all journals before they are posted 	<p>Management have implemented a new process that requires:</p> <ul style="list-style-type: none"> - all journals to be supported by working papers within the e-financials system by use of the 'paperclip' function to attach the working papers directly to the journal - all journals to require authorisation by a separate member of staff to the person who has prepared the journal (with the exception of some specific system-based journals posted by Finance Systems Manager and the Finance Systems Administrator where self-review is permitted – this is not out of line with common practice). <p>This has been implemented effective 13 August 2016. Audit testing has not identified any issues with the operating effectiveness of this control.</p>

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Internal control issues raised in the current year

Our work has not identified any additional control findings.

Assessment

- ✓ Action completed
- X Not yet addressed

Adjusted misstatements

We are required to report all non trivial misstatements to those charged with governance, whether or not the accounts have been adjusted by management.

There were no misstatements identified which management agreed to adjust.

Unadjusted misstatements

The table below provides details of adjustments identified during the audit which have not been made within the final set of financial statements. The Corporate Governance and Standard Committee is required to approve management's proposed treatment of all items recorded within the table below:

Detail	Comprehensive Income and Expenditure Statement £'000	Balance Sheet £'000	Reason for not adjusting
<p>1 Note 13: Property, Plant and Equipment A set of historic finance leases have been recognised in the Property, Plant and Equipment 'Movement in 2016-17' table despite the assets' no longer belonging to the Council. The continuing presence of these assets has the impact of overstating Property, Plant and Equipment <i>at Cost or Valuation</i> and Property, Plant and Equipment <i>Accumulated Depreciation</i> by £523k each. As the assets are fully depreciated there is no net impact on the carrying value of PPE overall.</p> <p>DR Property, Plant and Equipment Accumulated Depreciation 523 CR Property, Plant and Equipment at Cost or Valuation (523)</p> <p>There is no impact on the reported outturn position from not amending this misstatement.</p>	Nil		The balance is immaterial and so the Council has opted not to make an adjustment to this year's statements. However, the asset will be removed from the fixed asset register for future periods.
Overall impact	£ Nil	£ Nil	

Misclassifications and disclosure changes

The table below provides details of misclassification and disclosure changes identified during the audit which have been made in the final set of financial statements.

Adjustment type	Value £'000	Account balance	Impact on the financial statements	
1 Misclassification	2,335	Housing Revenue Account Note 7 – Capital Expenditure and Financing	The Council have incorrectly included AUC within Council Dwellings (Capital Investments).	
2 Misclassification	5,000	Note 29 - Nature and extent of risks arising from financial instruments	A loan balance of £5,000k was being classified as long term, whereas in substance the loan is short term. This misclassification was due to a misalignment of dates within the underlying spreadsheet workings.	
Page 33	Disclosure	N/A	Housing Revenue Account Note 7 – Stock Valuation – Vacant Possession Value	The note cites a Vacant Possession Value for the Council’s HRA stock of £1.408 million. This should be changed to £1,408 million.
	4 Disclosure	963	Grant Income Note 11 – Credited to Taxation and Non Specific Grant Income	The line for Non Domestic rates was understated by £963k.
5 Disclosure	808	Grant Income Note 11 – Credited to Taxation and Non Specific Grant Income	The line for Capital grants and contributions was overstated by £808k.	
6 Disclosure	6	External Audit Costs Note 10	As communicated in Section 5 of this report, the fee variation for 2015/16 housing benefit subsidy grant certification costs have been reduced by £6,432 (from £12,500 proposed to £6,068 agreed) . The Council should reflect this in the note by deducting this from the 2016/17 line for ‘fees payable to Grant Thornton UK LLP in respect of certification of grant claims and returns’. Note that this information was not available to Guildford Borough Council at the time the draft accounts were published.	
7 Disclosure	Various	Various	We agreed a small number of minor disclosure amendments with management to improve presentation and disclosure in the financial statements.	

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Section 3: Value for Money

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01. Executive summary

02. Audit findings

03. Value for Money

04. Other statutory powers and duties

05. Fees, non-audit services and independence

06. Communication of audit matters

Background

We are required by section 21 of the Local Audit and Accountability Act 2014 (the Act) and the NAO Code of Audit Practice (the Code) to satisfy ourselves that the Council has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. This is known as the Value for Money (VFM) conclusion.

We are required to carry out sufficient work to satisfy ourselves that proper arrangements are in place at the Council. The Act and NAO guidance state that for local government bodies, auditors are required to give a conclusion on whether the Council has put proper arrangements in place.

As carrying out this work, we are required to follow the NAO's Auditor Guidance Note 3 (AGN 03) issued in November 2016. AGN 03 identifies one single criterion for auditors to evaluate:

In all significant respects, the audited body takes properly informed decisions and deploys resources to achieve planned and sustainable outcomes for taxpayers and local people.

AGN03 provides examples of proper arrangements against three sub-criteria but specifically states that these are not separate criteria for assessment purposes and that auditors are not required to reach a distinct judgement against each of these.

Risk assessment

We carried out an initial risk assessment in February 2017 and identified two significant risks in respect of specific areas of proper arrangements using the guidance contained in AGN03. We communicated these risks to you in our Audit Plan dated March 2017.

We have continued our review of relevant documents up to the date of giving our report, and have not identified any further significant risks where we need to perform further work.

We carried out further work only in respect of the significant risks we identified from our initial and ongoing risk assessment.

Significant qualitative aspects

AGN 03 requires us to disclose our views on significant qualitative aspects of the Council's arrangements for delivering economy, efficiency and effectiveness.

We have focused our work on the significant risks that we identified in the Council's arrangements. In arriving at our conclusion, our main considerations were:

- **Informed decision making** - The Council has strong arrangements in place to ensure robust financial governance, in particular there is an appropriate level of involvement from senior management and members in the financial management and annual budgeting processes. Our review of the 2017/18 budget confirms that you have applied all of the relevant considerations, and your medium term financial strategy (MTFS), covering the period 2017/18 - 2020/21, was updated in February 2017.
- **Sustainable resource deployment** - The Council's financial strategy identifies budget pressures in each of the three years to 2020/21. Beyond this period there is significant uncertainty around business rate and new homes bonus funding as well as interest expenditure with respect to capital financing.
- **Working with partners and third parties** The Council has a number of partners that it works with to deliver its services and to provide back office functions. As the Council looks to further improve efficiencies and identify savings it is actively working to identify contracts that will be due for renewal in 2019 to ensure that appropriate procurement methods and forward plans are in place for renewal of major contracts.

We have set out more detail on the risks we identified, the results of the work we performed and the conclusions we drew from this work on pages 29 to 30.

Overall conclusion

Based on the work we performed to address the significant risks, we concluded that:

- the Council had proper arrangements in all significant respects to ensure it delivered value for money in its use of resources.

The text of our report, which confirms this can be found at Appendix B.

Recommendations for improvement

We discussed findings arising from our work with management and have agreed one recommendation for improvement as follows:

We recommend that the newly established Transformation Board consider ways in which its work can be more explicitly aligned to existing risk reporting, and that progress on existing savings plans is monitored in greater detail.

Management's response to these can be found in the Action Plan at Appendix A.

We also followed up on the recommendations made in the previous value for money conclusion audit. Progress was made by the Council against both recommendations and they have been superseded by the new recommendation made in 2016/17.

Key findings

We set out below our key findings against the significant risks we identified through our initial risk assessment and further risks identified through our ongoing review of documents.

Significant risk	Work to address	Findings and conclusions
<p>Medium Term Financial Planning The Council has identified a cumulative gap of some £7.1m between projected resources and budgeted expenditure over the four years to 2020/21. In part this relies on continuing to deliver the budgeted level of savings from existing projects.</p> <p>The Council has identified a need for longer term transformation of service delivery to be able to deliver sustainable services in the period covered by the medium term financial strategy.</p>	<p>We reviewed the project management and risk assurance frameworks established by the Council to establish how it is identifying, managing and monitoring these risks.</p>	<p><u>Transformation / Medium Term Financial Plan</u> A Transformation Board was set up in 2016/17 and its role has recently been formalised. The purpose of the Board is to inform and oversee change across the Council and ensure that service improvements and savings are delivered in line with: the Corporate Plan; Medium Term Financial Plan; Service demands and National and local changes. In practice, this function is fulfilled primarily through discussion of the 'channels of change' schedule which details the projects and ideas that the Council is developing to help deliver the required savings.</p> <p>The Transformation Board is attended by the Council Leader, a number of other Councillors, Managing Director, Director of Resources, Audit and Business Improvement Manager, Head of Financial Services and the Business Improvement Manager, and meets on a 5-6 weekly basis. The first formal meeting took place on 15 August 2017.</p> <p>As part of our discussions with the Head of Financial Services we identified that an opportunity exists to shape the standing agenda of the Committee so that i) risks are RAG rated in a way that properly aligns to existing Budget Reporting Risk register to assist effective monitoring and saving, ii) progress made against existing savings plans is discussed in greater detail. The Council should update the agenda of the Board for these areas.</p> <p>The Council has continued to explore transformation service opportunities which are expected to provide sources of future income, many of which may start to generate net income towards the end of the Medium Term Financial Plan. These include</p> <ul style="list-style-type: none"> - the establishment of North Downs Housing Ltd. as a vehicle to enable the Council to provide homes across a range of tenures other than social rent - the approval and continued expansion of capital programmes - the development or expansion of commercial services where the Council may benefit from local opportunities and synergies and local partnerships - the establishment of the Transformation Board (above) <p>Part of the Council's response to the constraints in public sector funding has been to set aside underspends in previous years to fund budget pressures, anticipated gaps in business rates income and to put aside monies to enable the Council to invest to make savings in future years. The total of earmarked reserves held by the Council at 31 March is just over £35 million which is considerably higher than the current gap in the Council's medium term financial strategy.</p> <p>On that basis we concluded that the risk was sufficiently mitigated and the Council has proper arrangements in place for planning finances effectively to support the sustainable delivery of strategic priorities.</p> <p>We recommend that the newly established Transformation Board consider ways in which its work can be more explicitly aligned to existing risk reporting, and that progress against existing savings plans is monitored in greater detail.</p>

Key findings

We set out below our key findings against the significant risks we identified through our initial risk assessment and further risks identified through our ongoing review of documents.

Significant risk	Work to address	Findings and conclusions
<p>General Fund capital programme The Council has approved a General Fund Capital Programme for the five years to 2021/22. This is an area of considerable spend, with a net cost to the Council of £125 million, and involves decision making against a backdrop of many variables. The execution and timing of capital expenditure may also have revenue implications.</p> <p>In previous Value for Money reviews we have identified recurring capital underspends. While to some extent this can be attributed to inherent uncertainties and complexities in capital investment (such as the availability of appropriate investment properties, negotiations with multiple stakeholders) the Council needs to assure itself that its assumptions in setting capital programmes are realistic, and that the Council has sufficient staff capacity for monitoring this effectively based on accurate information and reasonable assumptions.</p>	<p>We reviewed the Council's capital programme to establish the arrangements the Council has in place to realistically forecast and monitor capital expenditure and associated revenue implications.</p>	<p>Our review of the capital programme also considered the exposure to adverse cash flow risks. From a financial management perspective, the risk of having 'unused' finance is mitigated somewhat by the extent that additional financing is generally sought at the completion of a purchase, and not in advance, which lowers the risk of having unnecessarily large loans in place and thereby incurring excessive interest charges. In addition, the timings of other borrowings are informed by the Treasury Strategy which identifies general capital needs in advance, employing liability benchmarking. Where working with local partners (such as the Local Enterprise Partnership Funding or Surrey County Council) (SCC) there is a risk that delays in project completion may result in funding being withdrawn, leading to potential reputational risk and funding not being offered for future projects. However the monetary value of these projects (in 2017/18) is not significant, and there is already a degree of shared planning on individual projects where SCC is the partner.</p> <p>The capital programme itself is re-profiled on a rolling basis; the results of this re-profiling are reported to the Corporate Governance & Standards Committee 3-4 times a year. Our review of the 2016/17 programme (£98m approved) showed a £54m outturn was achieved (55%). This compares to 52% in 2015/16 (£33m out of £64m) and 78% in 2014/15 (£32m out of £44m). It should be noted that the outturn rate for 2016/17 is higher than that achieved in 2015/16 amidst a significant increase in budget (from £64m to £98m). This to some extent demonstrates the Council's ability to expand its spending in a way that aligns to its ambitious plans. For reasons of commercial sensitivity the reasons for slippage in the capital programme are generally not reported in public forums, although internal monitoring takes place on a project by project basis.</p> <p>Underspensing against capital budgets is a common theme in Local Authorities. In part, this is a reflection of the governance arrangements and project management of significant capital schemes not being as robust as needed. The key reason for slippage is often that the capital project owners are not being realistic when profiling the length of the project for budget and completion purposes. Too many schemes are overly optimistic in this respect. This is a view across the public sector and is not purely a Guildford BC issue. However to the extent that the timing of acquisitions or project plans have an impact on budgeting and monitoring, the Council needs to consider ways in which the timing of expenditure can be predicted more effectively, for projects of all sizes.</p> <p>We concluded that the risk was sufficiently mitigated and the Council has proper arrangements in place for capital programme forecasting and monitoring effectively to support the sustainable delivery of strategic priorities.</p> <p>We recommend that the Council consider ways in which the timing of expenditure can be predicted more effectively.</p>

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Appendix 1

Significant difficulties in undertaking our work

We did not identify any significant difficulties in undertaking our work on your arrangements which we wish to draw to your attention.

Significant matters discussed with management

There were no matters where no other evidence was available or matters of such significance to our conclusion or that we required written representation from management or those charged with governance.

Any other matters

There were no other matters from our work which were significant to our consideration of your arrangements to secure value for money in your use of resources.

Section 4: Other statutory powers and duties

01. Executive summary

02. Audit findings

03. Value for Money

04. Other statutory powers and duties

05. Fees, non audit services and independence

06. Communication of audit matters

We set out below details of other matters which we, as auditors, are required by the Act and the Code to communicate to those charged with governance.

	Issue	Commentary
1.	Public interest report	<ul style="list-style-type: none"> We have not identified any matters that would require a public interest report to be issued
2.	Written recommendations	<ul style="list-style-type: none"> We have not made any written recommendations that the Council is required to respond to publicly
3.	Application to the court for a declaration that an item of account is contrary to law	<ul style="list-style-type: none"> We have not used this duty
4.	Issue of an advisory notice	<ul style="list-style-type: none"> We have not used this duty
5.	Application for judicial review	<ul style="list-style-type: none"> We have not used this duty

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Section 5: Fees, non-audit services and independence

- 01. Executive summary
- 02. Audit findings
- 03. Value for Money
- 04. Other statutory powers and duties
- 05. Fees, non audit services and independence**
- 06. Communication of audit matters

We confirm below our final fees charged for the audit and provision of non-audit services.

Fees

	Proposed fee £	Final fee £
Council audit	57,533	57,533
Grant certification (*)	24,999	TBC
Total audit fees (excluding VAT)	82,532	TBC

The proposed fees for the year were in line with the scale fee set by Public Sector Audit Appointments Ltd (PSAA). We reported to the Corporate Governance and Standards Committee (30 March 2017) that, in connection with our 2015/16 housing benefit subsidy grant certification, in addition to the indicative scale fee set for 2015/16 (£45,925) a variation for an additional £12,500 was proposed giving a total proposed fee of £26,425. Following PSAA review, the final variation has been agreed as £6,068, giving a final total fee for 2015/16 of £19,993.

Grant certification

Our fees for grant certification cover only housing benefit subsidy certification, which falls under the remit of Public Sector Audit Appointments Limited. Fees in respect of other grant work, such as reasonable assurance reports, are shown under 'Fees for other services'.

*The work on the Council's Housing Benefit Return is still in progress at the report date, in line with the national timetable. Any fee variation in respect of this work will be discussed and agreed with the Council should the need arise, and will be reported to the Committee at a later date if applicable

Independence and ethics

- We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with the Auditing Practices Board's Ethical Standards and confirm that we are independent and are able to express an objective opinion on the financial statements.
- We confirm that we have implemented policies and procedures to meet the requirements of the Auditing Practices Board's Ethical Standards.

Fees for other services

Service	Fees £
Audit related services:	
• Housing Capital Receipts	1,500
Non-audit services	0

Independence and other services

We have considered whether other services might be perceived as a threat to our independence as the Council’s auditor and have ensured that appropriate safeguards are put in place

	Service provided to	Fees	Threat?	Safeguard
Audit related services				
Pooling of housing capital receipts return 2016/17	Guildford Borough Council	£1,500	<ul style="list-style-type: none"> Self-interest 	This is a recurring fee, therefore a self-interest threat exists. However, the level of this recurring fee taken on its own is not considered to be a significant threat to independence as the fee for this work in comparison to the total fee for the audit (£57,533) for the Council and in particular to Grant Thornton UK LLP overall turnover is not considered to be significant. Furthermore, the work relates to audit related services for which there is a fixed fee and no contingent element to the fee. These factors are deemed to adequately mitigate the perceived self-interest threat to an acceptable level.
	TOTAL	£1,500		

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Appendix 1

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Section 6: Communication of audit matters

- 01. Executive summary
- 02. Audit findings
- 03. Value for Money
- 04. Other statutory powers and duties
- 05. Fees, non audit services and independence
- 06. Communication of audit matters**

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Appendix 1

Communication to those charged with governance

ISA (UK&I) 260, as well as other ISAs, prescribe matters which we are required to communicate with those charged with governance, and which we set out in the table opposite.

This document, The Audit Findings, outlines those key issues and other matters arising from the audit, which we consider should be communicated in writing rather than orally, together with an explanation as to how these have been resolved.

Respective responsibilities

The Audit Findings Report has been prepared in the context of the Statement of Responsibilities of Auditors and Audited Bodies issued by Public Sector Audit Appointments Limited (<http://www.psa.co.uk/appointing-auditors/terms-of-appointment/>)

We have been appointed as the Council's independent external auditors by the Audit Commission, the body responsible for appointing external auditors to local public bodies in England at the time of our appointment. As external auditors, we have a broad remit covering finance and governance matters.

Our annual work programme is set in accordance with the Code of Audit Practice ('the Code') issued by the NAO (<https://www.nao.org.uk/code-audit-practice/about-code/>). Our work considers the Council's key risks when reaching our conclusions under the Code.

It is the responsibility of the Council to ensure that proper arrangements are in place for the conduct of its business, and that public money is safeguarded and properly accounted for. We have considered how the Council is fulfilling these responsibilities.

Our communication plan	Audit Plan	Audit Finding
Respective responsibilities of auditor and management/those charged with governance	✓	
Overview of the planned scope and timing of the audit. Form, timing and expected general content of communications	✓	Appendix 1
Views about the qualitative aspects of the entity's accounting and financial reporting practices, significant matters and issues arising during the audit and written representations that have been sought		Appendix 4
Confirmation of independence and objectivity	✓	✓
A statement that we have complied with relevant ethical requirements regarding independence, relationships and other matters which might be thought to bear on independence.	✓	✓
Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged		
Details of safeguards applied to threats to independence		
Material weaknesses in internal control identified during the audit		✓
Identification or suspicion of fraud involving management and/or others which results in material misstatement of the financial statements		✓
Non compliance with laws and regulations		✓
Expected modifications to auditor's report, or emphasis of matter		✓
Unadjusted misstatements and material disclosure omissions		✓
Significant matters arising in connection with related parties		✓
Significant matters in relation to going concern	✓	✓

Appendices

- A. Action Plan
- B. Audit Opinion

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Appendix 1

A. Action plan

Priority

Rec no.	Recommendation	Priority	Management response	Implementation date and responsibility
1	We recommend that the newly established Transformation Board consider ways in which its work can be more explicitly aligned to existing Risk reporting, and that progress on existing savings plans is monitored in greater detail.	Medium	The Transformation Board will introduce a RAG rated savings risk register and monitor the register at each meeting.	Director of Resources, November 2017
2	We recommend that the Council consider ways in which the timing of expenditure can be predicted more effectively.	Medium	The Council will continue to train and raise awareness of service managers regarding the importance of project expenditure profiling and the impact on the council's general fund revenue budget.	Head of Financial Services, February 2018

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Controls

- High – Significant effect on control system
- Medium – Effect on control system
- Low – Best practice

B: Audit opinion

We anticipate we will provide the Council with an unmodified audit report

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GUILDFORD BOROUGH COUNCIL

We have audited the financial statements of Guildford Borough Council (the "Authority") for the year ended 31 March 2017 under the Local Audit and Accountability Act 2014 (the "Act"). The financial statements comprise [the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement, the Housing Revenue Account Income and Expenditure Statement, the Movement on the Housing Revenue Account Statement, the Collection Fund] and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17.

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Act and as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by the Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the Authority's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Chief Financial Officer and auditor

As explained more fully in the Statement of the Chief Financial Officer's Responsibilities, the Chief Financial Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17, which give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law, the Code of Audit Practice published by the National Audit Office on behalf of the Comptroller and Auditor General (the "Code of Audit Practice") and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Authority's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Chief Financial Officer; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Chief Financial Officer's Narrative Report, and the Annual Governance Statement to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion:

- the financial statements present a true and fair view of the financial position of the Authority as at 31 March 2017 and of its expenditure and income for the year then ended; and
- the financial statements have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 and applicable law.

Opinion on other matters

In our opinion, the other information published together with the audited financial statements in the Chief Financial Officer's Narrative Report, and the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the audited financial statements.

Matters on which we are required to report by exception

We are required to report to you if:

- in our opinion the Annual Governance Statement does not comply with the guidance included in 'Delivering Good Governance in Local Government: Framework (2016)' published by CIPFA and SOLACE; or
- we have reported a matter in the public interest under section 24 of the Act in the course of, or at the conclusion of the audit; or
- we have made a written recommendation to the Authority under section 24 of the Act in the course of, or at the conclusion of the audit; or
- we have exercised any other special powers of the auditor under the Act.

We have nothing to report in respect of the above matters.

Conclusion on the Authority’s arrangements for securing economy, efficiency and effectiveness in its use of resources

Respective responsibilities of the Authority and auditor

The Authority is responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

We are required under Section 20(1)(c) of the Act to be satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Scope of the review of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria issued by the Comptroller and Auditor General in November 2016, as to whether the Authority had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criteria as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2017.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether in all significant respects the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

Conclusion

On the basis of our work, having regard to the guidance on the specified criteria issued by the Comptroller and Auditor General in November 2016, we are satisfied that in all significant respects the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2017.

Certificate

We certify that we have completed the audit of the financial statements of the Authority in accordance with the requirements of the Act and the Code of Audit Practice.

[Signature]

Elizabeth Jackson
for and on behalf of Grant Thornton UK LLP, Appointed Auditor

30 Finsbury Square
London
EC2P 2YU

[Date] 2017



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Corporate Governance and Standards Committee Report

Report of the Chief Finance Officer

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Date: 21 September 2017

2016-17 Audited Statement of Accounts

Executive Summary

This Committee's terms of reference include approval of the statutory Statement of Accounts on behalf of the Council. The audited Statement of Accounts are attached at Appendix 1. The Audit Findings report, presented elsewhere on this agenda, covers the changes made to the accounts between the draft accounts issued on 31 May 2017 and presented to the Committee on 15 June 2017, and the audited accounts. The changes made relate to disclosure notes within the accounts. The main financial statements have not changed.

Recommendation to Committee

- (1) That the audited Statement of Accounts 2016-17, as set out in Appendix 1 to this report, be approved.
- (2) That the Chairman of the Committee be authorised to sign the official copy of the accounts to state they are approved.

Reason for Recommendation:

To comply with the Accounts and Audit Regulations 2015 to approve the statutory Statement of Accounts by 30 September.

1. Purpose of Report

- 1.1 This report presents the audited statutory Statement of Accounts 2016-17 for approval by the Committee.

2. Strategic Framework

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

3. Background

- 3.1 The terms of reference of the Corporate Governance and Standards Committee include approval of the statutory Statement of Accounts on behalf of the Council.
- 3.2 The Committee received the draft statement of accounts for 2016-17 at its meeting on 15 June 2017.
- 3.3 The external auditor, Grant Thornton UK LLP, has completed the audit and the Chief Finance Officer (CFO) has re-certified the Statement of Accounts.
- 3.4 No changes have been made to the primary financial statements during the audit; however, some items were found that required changes to notes to the primary financial statements. Of the changes required, the majority were minor and presentational in nature. These are outlined in the Audit Findings report elsewhere on this agenda. The accounts attached at Appendix 1 include the changes.
- 3.5 The external auditor intends to issue an unqualified opinion on the financial statements.

4. Financial Implications

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

5. Legal Implications

- 5.1 The Accounts and Audit Regulations 2015 require that the Council, or a committee, must consider and approve the statement of accounts no later than 30 September each year. The Council has delegated this responsibility to the Corporate Governance and Standards Committee.
- 5.2 The Accounts and Audit Regulations also require the person presiding at the meeting to sign and date the statements that we must then publish, accompanied by the auditor's report, again by no later than 30 September.

6. Human Resource Implications

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

7. Conclusion

- 7.1 The audit of the 2016-17 accounts is complete and the independent auditor intends to issue an unqualified opinion on the financial statements, which the CFO has re-certified in accordance with the Accounts and Audit Regulations 2015.

8. Background Papers

None

9. Appendices

Appendix 1: Statement of Accounts

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Guildford Borough Council Statement of Accounts 2016-17

www.guildford.gov.uk

GUILDFORD BOROUGH COUNCIL STATEMENT OF ACCOUNTS 2016-17

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GUILDFORD BOROUGH COUNCIL STATEMENT OF ACCOUNTS 2016-17

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GUILDFORD BOROUGH COUNCIL

We have audited the financial statements of Guildford Borough Council (the "Authority") for the year ended 31 March 2017 under the Local Audit and Accountability Act 2014 (the "Act"). The financial statements comprise the Expenditure and Funding Analysis, the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement, the Balance Sheet, the Cash Flow Statement, the Housing Revenue Account Income and Expenditure Statement, the Movement on the Housing Revenue Account Statement, the Collection Fund and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17.

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Act and as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the Authority's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Chief Financial Officer and auditor

As explained more fully in the Statement of Responsibilities, The Chief Financial Officer's Responsibilities, the Chief Financial Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17, which give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law, the Code of Audit Practice published by the National Audit Office on behalf of the Comptroller and Auditor General (the "Code of Audit Practice") and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Authority's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Chief Financial Officer; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Chief Financial Officer's Narrative Report, and the Annual Governance Statement to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion:

- the financial statements present a true and fair view of the financial position of the Authority as at 31 March 2017 and of its expenditure and income for the year then ended; and
- the financial statements have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 and applicable law.

GUILDFORD BOROUGH COUNCIL STATEMENT OF ACCOUNTS 2016-17

Opinion on other matters

In our opinion, the other information published together with the audited financial statements in the Chief Financial Officer's Narrative Report, and the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the audited financial statements.

Matters on which we are required to report by exception

We are required to report to you if:

- in our opinion the Annual Governance Statement does not comply with the guidance included in 'Delivering Good Governance in Local Government: Framework (2016)' published by CIPFA and SOLACE; or
- we have reported a matter in the public interest under section 24 of the Act in the course of, or at the conclusion of the audit; or
- we have made a written recommendation to the Authority under section 24 of the Act in the course of, or at the conclusion of the audit; or
- we have exercised any other special powers of the auditor under the Act.

We have nothing to report in respect of the above matters.

Conclusion on the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

Respective responsibilities of the Authority and auditor

The Authority is responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

We are required under Section 20(1)(c) of the Act to be satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Scope of the review of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria issued by the Comptroller and Auditor General in November 2016, as to whether the Authority had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criteria as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2017.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether in all significant respects the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

Conclusion

On the basis of our work, having regard to the guidance on the specified criteria issued by the Comptroller and Auditor General in November 2016, we are satisfied that in all significant respects the Authority put in

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GUILDFORD BOROUGH COUNCIL STATEMENT OF ACCOUNTS 2016-17

place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2017.

Certificate

We certify that we have completed the audit of the financial statements of the Authority in accordance with the requirements of the Act and the Code of Audit Practice.

Elizabeth Jackson
for and on behalf of Grant Thornton UK LLP, Appointed Auditor
30 Finsbury Square
London
EC2P 2YU

September 2017

GUILDFORD BOROUGH COUNCIL STATEMENT OF ACCOUNTS 2016-17

STATEMENT OF RESPONSIBILITIES

The Council's Responsibilities

The Council is required to:

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

The Chief Financial Officer's Responsibilities

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

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

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

The Chief Financial Officer has also:

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

I certify that the Statement of Accounts presents a true and fair view of the financial position of Guildford Borough Council at 31 March 2017 and of its income and expenditure for the year ended 31 March 2017.



Claire Williams Morris, BEng (Hons), FCPFA, Cert IPSFR
Chief Financial Officer
21 September 2017

CHIEF FINANCIAL OFFICER'S NARRATIVE REPORT

Financial Performance during the year – General Fund Revenue

I have pleasure in presenting the Council's Statement of Accounts for the financial year 2016-17.

The overall financial climate continues to be difficult and is likely to remain so for a number of years. Local Government will continue to play its part in helping to address the national funding deficit, and each Council will be required to contribute accordingly by continuing to deliver services with fewer resources. Guildford Borough Council (the Council) has continued to maintain its focus on robust planning and monitoring of the budget and identification of efficiency savings for the future.

The reduction in the Council's settlement funding assessment for 2016-17 from Central Government was 20.3% (£960,000). This followed grant reductions of 15.2% in 2011-12, 12.6% in 2012-13, 6.6% in 2013-14, 13% in 2014-15 and 15% in 2016-17.

The budget for 2016-17 included investment in services of £1.748 million to support the delivery of the Corporate Plan, of which £90,000 was funded from reserves.

Given the cuts in central government funding, we identified £445,000 savings through our business planning process in order to finance the service improvements and £22,000 savings arising as a result of capital investment.

The net budget requirement for the year 2016-17 was set in February 2016 at £41,532,915, a decrease of £1.96 million from the Council's 2015-16 net budget requirement of £43,493,789. The net budget requirement is the amount the Council expects to spend after allowing for income from sources such as direct grants, fees, charges and rents but excludes income from revenue support grant, business rates and adjustments relating to the collection fund balance.

The net budget figure above excludes the precept requirements of the Parish Councils, which was £1,469,802 (2015-16 precept requirements were £1,406,405 an increase of 5%).

The Borough Council's band D council tax was set at £156.82, an increase of £5 (3.29%) from 2015-16. The report to Council on 10 February 2016, available on the Council's website ([Budget Council](#)), provides further details about the Council's budget for 2016-17.

We monitored performance against the budget closely through the year with particular attention paid to our key services (Development Control, Planning Policy, Industrial Estates, Investment Property, Leisure Management, Off Street Parking, Parks and Countryside and Refuse and Recycling), control of salaries and achievement of the efficiency savings included in the budget. Because of this strong financial management net expenditure at service unit level was £2.649 million lower than originally budgeted, after allowing for accounting adjustments and other items that do not impact on the level of council tax. This is around 2.3% of the total relevant gross expenditure budgets.

The Final Accounts report to the Executive on 27 June 2017, available on the Council's website ([General Fund Final Accounts](#)), gives a detailed analysis of the variances in service expenditure.

The Council receives investment income from our cash backed reserves. As at 31 March 2017, we had around £127 million invested. Overall, net interest returns in the year were approximately £547,000 more than anticipated at £1,504,746. The Treasury Management Annual Report to the Executive on 27 June 2017, available on the Council's website ([Treasury Management Annual Report](#)), provides further information about the Council's investment and borrowing activity during the year and our performance against our prudential indicators.

GUILDFORD BOROUGH COUNCIL STATEMENT OF ACCOUNTS 2016-17

In setting the 2016-17 budget, a minimum revenue provision of £615,250 was assumed, based on the expected General Fund Capital Financing Requirement (CFR) at 31 March 2016 of £52.9 million. The actual General Fund CFR at March 2016 was £39.7 million, generating a minimum revenue provision of £335,723, which is approximately £279,000 less than budgeted.

Overall the net expenditure on the General Fund was lower than the original estimate to the value of £3.810 million. This has been utilised by the following contributions to reserve:

Item	Description	£000
1.	IT renewals reserve. As part of the transformation of our services, it will be necessary to invest heavily in new technology. The contribution to the IT renewals reserve of £750,000 has been made to finance the replacement of iGels across the Council.	750
2.	Invest to save reserve. This reserve has proved invaluable in allowing the Council to transform and change its services. The reserve is used to provide initial up front funding required for projects that will generate savings and additional income. In future budgets, this will become even more important. The contribution of £200,000 will take the uncommitted balance on the reserve to approximately £1.1 million	200
3.	Capital programme reserve. The Council has an ambitious capital programme and a significant borrowing requirement in future years. We have therefore transferred £1 million to the reserve to reduce the need for external borrowing and delay the point at which we will need to take on borrowing. This in turn will reduce the minimum revenue provision payment from the general fund revenue account	1,000
4.	Budget pressure reserve. This was a new reserve set up as part of closing the 2014-15 account and it has proved invaluable in managing the budget through the year. A contribution of £1,602,000 has been made to take the uncommitted balance to just over £500,000.	1,690
5.	Legal actions reserve. This reserve is available to fund for judicial reviews and other legal actions taken against the Council. Officers have transferred £150,000 to the reserve.	150
6.	Donation to the Mayors Distress Fund. The fund is a charitable trust, which helps support people in financial distress within the borough.	20
		3,810

During the year we closed two reserves, the Council Governance Reserve (which related to the mayoral referendum in October 2016) and the Land Charges Search fees reserve due to the conclusion, through the Local Government Association, of legal claims against local government by private search company's in respect of search fees.

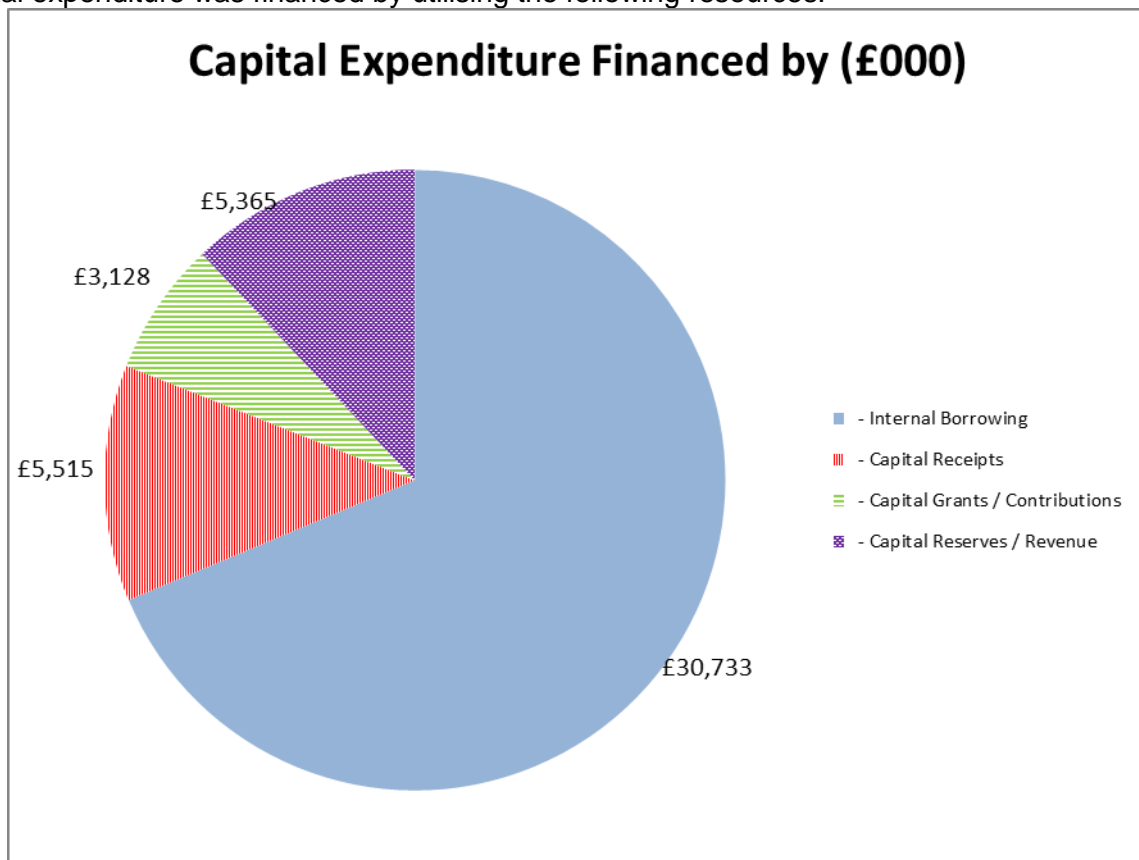
Financial Performance during the year - Capital Expenditure

Capital expenditure in the year totalled £38.245 million. The major areas of capital spend are shown in the table below:

	Updated estimate (£m)	Actual (£m)	Variance (£m)
Non-housing approved programme	44.124	33.835	(10.289)
Non-housing provisional programme	3.342	0.02	(3.322)
Schemes financed from reserves	3.265	3.199	(0.066)
Projects financed from s106 receipts	0.697	0.447	(0.25)
Private sector and affordable housing grants	3.627	0.744	(2.883)
Total	55.055	38.245	(16.810)

During the year we spent £23.8 million on acquiring the freehold of an investment property and bought back the long leases on another property for £0.5 million. The acquisitions were part of our Asset Investment Programme and to enable the redevelopment of Midleton industrial. In addition, as part of the Council’s corporate plan priorities for local economic growth we acquired a property for £1 million which will be used as business incubation office space. The Council also invested £2.4 million in its new subsidiary company North Downs Housing Ltd and spent £2.78 million on its vehicle plant and equipment replacement programme.

The capital expenditure was financed by utilising the following resources:



We only financed £7.5 million of our capital expenditure from existing resources, resulting in an increase to our Capital Financing Requirement, funded by internal borrowing, of £30.7 million.

GUILDFORD BOROUGH COUNCIL STATEMENT OF ACCOUNTS 2016-17

Internal sources of funds available at 31 March 2017 to meet future capital expenditure are:

- General Fund capital schemes reserve £1.4 million
- HRA usable capital receipts £27.4 million
- HRA future capital programme reserve £28.3 million
- HRA new build reserve £37.4 million
- HRA Major Repairs Reserve £6.4 million

Financial Performance during the year - Treasury Management

Our treasury management annual report was presented to Executive on 27 June 2017, ([TM Annual Report](#)) and is available on our website. The principle value of Investments at 31 March 2017 totalled £127 million made up as follows:

Investment details	Book cost of Investments at 31-03-17 £m
Internally Managed Investments	
Fixed Investments < 1 year to cover cash flow	34.00
Corporate bonds	4.06
Certificates of deposit	2.00
Notice Accounts	13.00
Revolving Credit Facility	2.50
Call Accounts	0.47
Money Market Funds	1.32
Long term investments > 1 year	47.00
Externally Managed Funds	
Payden & Rygel	5.03
Funding circle	0.87
CCLA	6.35
Aberdeen	1.85
M&G	2.67
Schroders	0.91
UBS	2.41
City Financials	2.47
TOTAL	126.91

The book cost of investments is the amount of cash receivable if the investments were to be sold on 31 March 2017. The book cost is different to the amounts shown in note 28 of the financial statements where the investments are shown in accordance with IFRS 13 Fair Value Measurement. Gross interest received in the year from investments was £1.792 million against a budget of £1.235 million.

During the year we repaid £4.5 million of temporary borrowing for cash-flow purposes. The principal balance outstanding on our external loans at 31 March 2017 was £233.355 million.

The investment markets remained extremely challenging; the Bank of England reduced base rate to 0.25% and the Council continued its focus on preserving capital whilst optimising interest earnings.

Explanation of Key Information contained in the Financial Statements

Local Authorities are required to prepare their accounts in accordance with the *Code of Practice on Local Authority Accounting in the United Kingdom* (the Code). International Financial Reporting Standards (IFRS)

GUILDFORD BOROUGH COUNCIL STATEMENT OF ACCOUNTS 2016-17

form the basis for the Code, which has been developed by the Local Authority Accounting Code Board comprising members from the Chartered Institute of Public Finance and Accountancy (CIPFA) and Local Authority of Scotland Accounts Advisory Committee (LASAAC), under the oversight of the Financial Reporting Advisory Board (FRAB). The Code constitutes a proper accounting practice under the terms of section 21(2) of the Local Government Act 2003.

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

- Expenditure and Funding Analysis (EFA): showing how the Council's annual expenditure is used and funded from resources (government grants, rents, council tax and business rates) in comparison with those resources the Council consumes or earns in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the Council's Directorates.
- Comprehensive Income and Expenditure Statement (CIES): showing the accounting cost in the year of providing services in accordance with generally accepted accounting practices. This Statement provides the detail behind the surplus or deficit on provision of services figure included in the Movement in Reserves Statement. The Statement shows the total expenditure and income in the year for all services.
- Movement in Reserves Statement (MIRS): showing the movement in the year on the different reserves held by the Council, analysed into usable reserves (i.e. those that we can use to finance expenditure or reduce local taxation) and other reserves. This Statement shows how the movements in year of the Council's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return the amounts chargeable to council tax or rents for the year.
- Balance Sheet: showing the value of the Council's assets and liabilities at 31 March 2017. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council
- Cash Flow Statement: showing the changes in the amount of cash and cash equivalents during the financial year. The Statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities
- Notes to the above Statements: giving a summary of significant accounting policies and other explanatory information. We have split these notes into normal and accounting technical notes to aid the readability of the financial statements for users.
- Housing Revenue Account Income and Expenditure Statement: covering income and expenditure relating to the provision of council housing in accordance with Part 6 of the Local Government and Housing Act 1989. The Housing Revenue Account is ring-fenced from the rest of the General Fund. Its primary purpose is to ensure that the expenditure on managing tenancies and maintaining dwellings is balanced by rents charged to tenants so that rents cannot be subsidised from council tax, or vice versa
- Notes to the Housing Revenue Account: giving explanatory information to the HRA Income and Expenditure statement
- Collection Fund Revenue Account: showing the transactions of the Council as a billing authority in relation to non-domestic rates and council tax. The Fund shows the way in which these have been distributed to local authorities and the Government on whose behalf Guildford Borough Council collects the amounts due
- Notes to the Collection Fund: giving explanatory information to the Collection Fund Revenue Account

GUILDFORD BOROUGH COUNCIL STATEMENT OF ACCOUNTS 2016-17**Expenditure and Funding Analysis (EFA)**

The net expenditure chargeable to the General Fund and HRA balances was a surplus of £14.7 million. £5 million adjustments between funding and accounting bases resulted in a surplus reported in the CIES of £9.7 million.

Income and Expenditure Statement (CIES)

The surplus on provision of services was £9.7 million. This was the net total of a surplus on the HRA of £8.5 million, and a surplus on the General Fund of £1.2 million.

Total comprehensive income and expenditure was £58 million, compared to £67 million in 2015-16. The reduction was primarily due to a loss from the re-measurement of the pension liability replacing a gain in 2015-16, mostly offset by larger gains from the increase in the value of the Council's property portfolio.

Movement in Reserves Statement

The MIRS shows that the surpluses of £1.2 million and £8.5 million are added to the General Fund and HRA balances respectively, and that £3 million is added to the General Fund and £2 million to the HRA as a result of adjustments made under statutory regulations.

£35.8 million of the GF balance of £39.5 million as at 31 March 2017 is held in reserves earmarked for specific purposes. The remaining £3.7 million is held as unallocated funds. In the case of the HRA, £65.7 million of the balance of £68.2 million is held in earmarked reserves, leaving an unallocated balance of £2.5 million.

Balance Sheet

The Balance Sheet shows that our long term assets have increased in value during the year by 12.6% from £815 million to £918 million. This is due to a £45 million increase in value of the Council's property portfolio (primarily council dwellings) on revaluation during the year, £10 million additions to the Council's operational property, £2 million additions to assets under construction, £24 million acquisitions and £4 million revaluation of investment property, and an increase in long-term investments of £21 million.

Current assets have reduced by 29% from £128 million to £91 million, mainly due to a reduction in short-term investments (including those classified as cash equivalents) from £121 million to £83 million. After our liabilities are taken into account, our net assets have increased by 9.7% from £597 million to £655 million. This is matched by an increase in our unusable reserves of £40 million, and an increase in our usable earmarked reserves of £18 million.

Pension liability

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

During 2016-17 the pension fund actuaries, Hymans Robertson LLP, completed a triennial review of the fund at 31 March 2016 which sets the employer contribution rates for 2017-18 to 2019-20. However, 2016-17 was the final year of implementation from the previous 2013 valuation. The 2013 valuation results maintained the use of a stabilisation model which enabled the Council to maintain its employer's contribution rate at 14.6% over the three year period 2014-15 to 2016-17. The results of the actuarial valuation as at 31 March 2016, were reported to the Corporate Governance and Standards Committee in March 2017 and the report is available as part of the committee papers on the Council's website ([Pension Valuation Report](#)).

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

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

The accounts, based on IAS 19, show a total pension fund liability of £93.4 million (£76.4 million in 2015-16) which has a substantial impact on the net worth of the authority as recorded in the balance sheet. The position, as valued by IAS 19 differs to that reported as part of the triennial valuation principally because the accounting standard requires that the discount rate is set with reference to the yields on high quality corporate bonds irrespective of the actual investment strategy of the Fund. As such the IAS 19 valuation of the Fund is unlikely to reflect the eventual cost of providing the benefits and does not affect the level of contributions to the fund from either the employees or the Council. Statutory arrangements for funding the deficit mean that the financial position of the Council remains healthy; the deficit will be made good by contributions over the remaining working life of employees as assessed by the scheme actuary. It is important to remember that pensions are long-term assets and liabilities and the IAS 19 figures disclose the position at a point in time based on the actuaries' financial assumptions.

Reserves, Balances and Provisions

We are not required to include a full list of reserves and balances in the Statement of Accounts, however one was included in the Final Accounts report to the Executive on 27 June 2017 ([2016-17 Final Accounts Report](#)). Transfers to and from the reserves have been made during the year as appropriate and can be seen at Note 12 to the accounts. We have set up a small number of new reserves in the year for accounting purposes in relation to specific grants.

We reduced the provision in respect of the Council's share of the estimated reduction in business rates collectable due to rating appeals by £1 million, and £1 million of appeals were charged to the provision in year (see below).

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

Collection Fund

We maintained a high level of collection performance for both Council Tax and Business Rates in the year. The council tax collectable debit for 2016-17 was approximately £94million and 99.27% had been collected by 31 March 2017. At the same time, 99.29% of the collectable debit for non domestic rates (£84 million) had been collected. These are the highest collection rates in the Council's history.

We had anticipated a reduction in collection rates following the introduction of the Local Council Tax Support Scheme (LCTSS) however, this has not happened and collection rates have remained high.

Business Rates Retention Scheme

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

The BRRS starts with the Government's assumption of the level of Business Rates nationally and sets an amount known as the NDR Baseline. For Guildford the NDR Baseline was set at £30.9million. The Government assessed our baseline funding level at £2.7 million, the difference (£28.2 million) was paid to the Government as a tariff. If Guildford's actual business rate income is higher than the NDR Baseline then normally the Council would be required to pay a levy of 50% of the additional income to central Government. However, for 2016-17 we have joined the Surrey-Croydon business rates pool, which means that we keep approximately 75% of the additional income and pay the remaining 25% to the pool. The system is far more volatile than the old one (where the amount of grant was fixed and known in advance of the budget being set) and carries more risk for the Council.

GUILDFORD BOROUGH COUNCIL STATEMENT OF ACCOUNTS 2016-17

When setting the budget we expected our business rate income to be higher than the baseline funding level and therefore budgeted to pay a levy to the pool of 25% of the additional income (£573,021). We also decided that we would put our original 50% share of the additional income (£1,146,042) in the Business Rates Equalisation reserve and the 25% additional retained levy from pooling (£573,021) in the invest to save reserve. This is in line with our medium term financial strategy, to help mitigate the volatility in funding caused by the new scheme and the Council's redevelopment plans for the town centre.

When we set our 2016-17 budget, we projected the business rate income we would receive and provided this estimate to the government in our NNDR 1 return. At the end of the year, we update the data based on actual income and inform the government in our NNDR 3 return.

The amount we recognise in the Income and Expenditure Statement for business rate income for 2016-17 is the amount we projected on the NNDR1 return, i.e., our budgeted amount; however, the amount we actually received (and reported on our NNDR3 return) is recognised in the Collection Fund. The government, has legislated that local authorities reverse the impact on the general fund of any difference in business rate income through the surplus/deficit on the Collection Fund and an adjustment to the Collection Fund Adjustment Account on the Movement in Reserves Statement. The difference between what we estimated and received therefore forms part of the surplus or deficit on the Collection Fund and will be taken into account in setting the budget for 2018-19.

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

<u>Business Rates Retention Final Summary</u>	2016-17 Budget, £000	2016-17 Actual, £000	Variance, £000
BRRS - tariff	28,294	28,294	0
BRRS - levy	0	0	0
BRRS - payment to pool re levy	573	962	389
BRRS - equalisation reserve	1,146	882	(264)
BRRS - equalisation reserve	(959)	(959)	0
Cont to Invest to Save	573	573	0
	29,627	29,752	125
BRRS - s31 grant	(446)	(571)	(125)
BRRS - retained income	(33,120)	(33,120)	0
BRRS - net position	(3,939)	(3,939)	0

We have accrued for the levy payment in our Income and Expenditure Statement for 2016-17. The Council's current policy is to transfer its share of the levy to the business rates equalisation reserve to help smooth the volatility in income from business rates under the BRRS and to help us manage the fluctuations in our business rate income that will occur as we carry out our development plans for the town centre. The increase in the levy payment for 2016-17 comes about because of a reduction in the provision for appeals made against business rates. This results in a reduced deficit on the Collection Fund. If the appeals are successful, they will fall as a cost to the General Fund revenue account in future years. We will use the business rates reserve to mitigate any costs that fall in future years.

The provision for appeals is an allowance for reductions in business rates payable because of appeals made by the rate payer to the Valuation Office (VO) in 2016-17. We have no control over these appeals or the timescale within which they are heard. The Council has calculated that a total provision of £8.2 million for appeals is required as at 31 March 2017, of which the Council's share is £3.3 million (40%). This is a total decrease of £5.5 million (Council's 40% share, £2.2 million) from the amount recognised at 31 March

GUILDFORD BOROUGH COUNCIL STATEMENT OF ACCOUNTS 2016-17

2016. The decrease is due to appeals made in previous years being resolved and a significant change in the value of the virgin media appeal due to information being received that the likelihood of the success of the appeal was lower. The inclusion of the appeals provision in our Collection Fund has resulted in a deficit on the Collection Fund in relation to Business Rates of £2.779 million.

Housing Revenue Account (HRA)

The Statement of Accounts contains details of the HRA income and expenditure, which is ring-fenced from the General Fund. We reported the HRA outturn to the Executive on 27 June 2017 and the report is available on the Council's web site ([HRA Final Accounts Report](#))

The table below shows the main variances between the budgeted and actual operating surplus for 2016-17 under the key headings.

Housing Revenue Account	2016-17 Budget	2016-17 Actual	Variance
	£000	£000	£000
Rental Income	(30,732)	(30,937)	(205)
Other Income	(1,599)	(1,687)	(88)
Total income	(32,331)	(32,624)	(293)
Expenditure on Housing Services	10,208	10,284	76
Depreciation	5,000	6,703	1,703
Revaluation	0	2,662	2,662
Other expenditure	903	562	(341)
Interest payable and receivable	4,650	4,514	(136)
Surplus for the year	(11,570)	(7,899)	3,671
HRA balance brought forward	(2,500)	(2,500)	0
Surplus for the year	(11,570)	(7,899)	3,671
Transfers to other reserves	11,570	7,899	(3,671)
HRA balance carried forward	(2,500)	(2,500)	0

At year-end, we transferred £2.5 million to the reserve for future capital programmes and £7.96 million to the new build reserve. The surplus on revaluation was transferred to the capital adjustment account in line with the CIPFA code of practice. The HRA working balance at year-end remains at £2.5 million.

The income budget was prepared using the Government's stated policy of on reducing social housing rents by 1% per annum for the next 4 years. This resulted in an average actual rent of £112.11 per week.

Rental income from dwellings was £246,000 (0.8%) higher than estimated. This is the result of a combination of factors, which include the profiling of new build units coming on stream, reductions in void periods and Right to Buy (RTB) assumptions. In total 25 properties were sold in 2016-17 as a result of RTB applications, with a further interest in 3.8 equity share properties sold.

Employee related expenditure was £189,000 lower than estimated. Utility charges were £115,000 lower than anticipated following reductions in utility prices and a milder winter period. In addition, a lower than anticipated interest rate on the variable rate element of the loan portfolio financing the HRA has resulted in a saving of £108,000.

The Council has clearly stated its ambition to increase the number of affordable homes in the borough and work is underway to bring forward a number of development opportunities. A combination of useable one-

GUILDFORD BOROUGH COUNCIL STATEMENT OF ACCOUNTS 2016-17

for-one receipts and HCA grant have been used to finance capital expenditure on the new build programme at both the Corporation Club site and the site of the former Appletree Pub, Park Barn in 2016-17.

Other Performance during the year

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

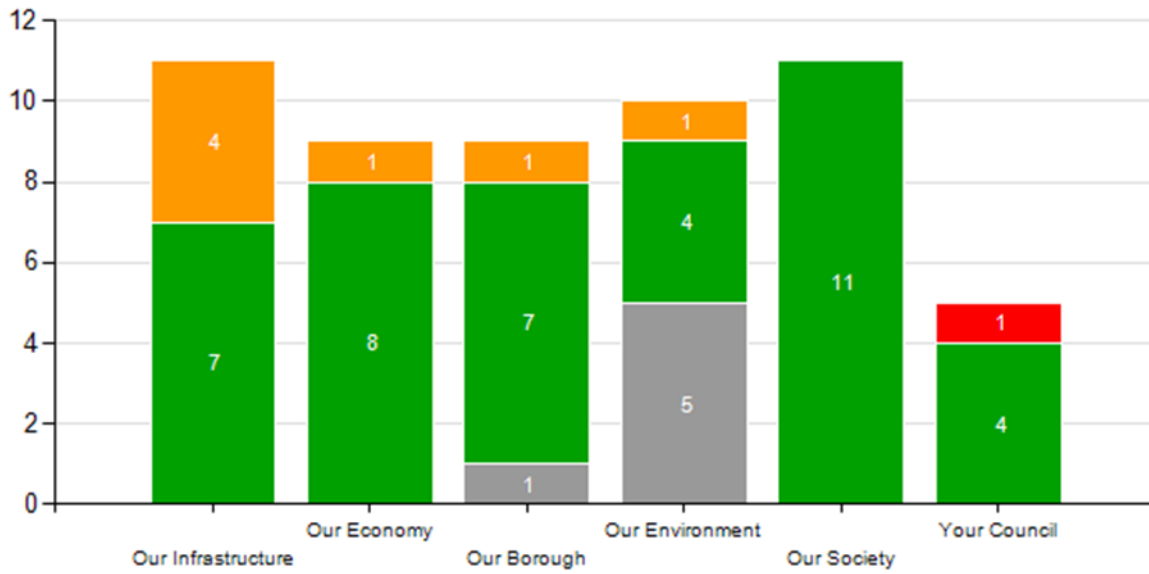
Indicator	2016-17	2015-16
1. Council Tax Collected	99.27%	99.32%
2. NNDR Collected	99.29%	99.48%
3. Invoices paid on time	91.75%	97.90%
4. Benefit Overpayments recovered	£1.398 million	£1.991 million
5. Processing of 'major' planning applications within 13 weeks	97%	86.67%
6. Processing of 'minor' planning applications within 8 weeks	91%	69.44%
7. Processing of 'other' applications within 8 weeks	88%	74.48%
8. Appeals dismissed against the Council's refusal of planning permission	68%	69.29%
9. Number of Households living in temporary accommodation	61	46
10. Housing Advice – homelessness prevented (cases resolved)	396	407
11. Days taken to process Housing Benefit / Council Tax support claims	24.77 for new claims 7.07 for changes	24.89 for new claims 7.68 for changes
12. Number of affordable homes completed	32	125
13. Food businesses with 'scores on the door' of 3 or over	94.8%	95%
14. % Household waste recycled and composted	59.7%	58%
15. Staff sickness absence Office Manual	6.9 days 12.6 days	10.17days
16. Staff turnover	12.8%	9.24%
17. Calls answered by customer services within 20 seconds	91.3%	84.6%

The Council approved a Corporate Plan for the period 2015-2020 and has published it on our website, <http://www.guildford.gov.uk/corporateplan>. The Corporate Plan informs the more detailed service and project plans. The priorities set out in the plan are the basis and drivers for our performance indicators.

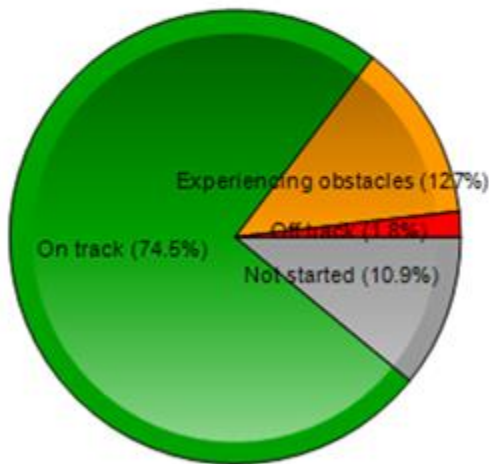
The five themes provide a focus for Council activities and there is a clear link between service delivery and the Council's corporate objectives. We monitor progress against the objectives in the service plans through regular performance monitoring meetings and reports.

The progress made against the 2015-2016 Corporate Plan is reported monthly to CMT. The chart below shows the status of the progress so far, against the main themes, after 1 year of the corporate plan.

This chart shows progress against the Council's main themes



This chart shows Council's projects status



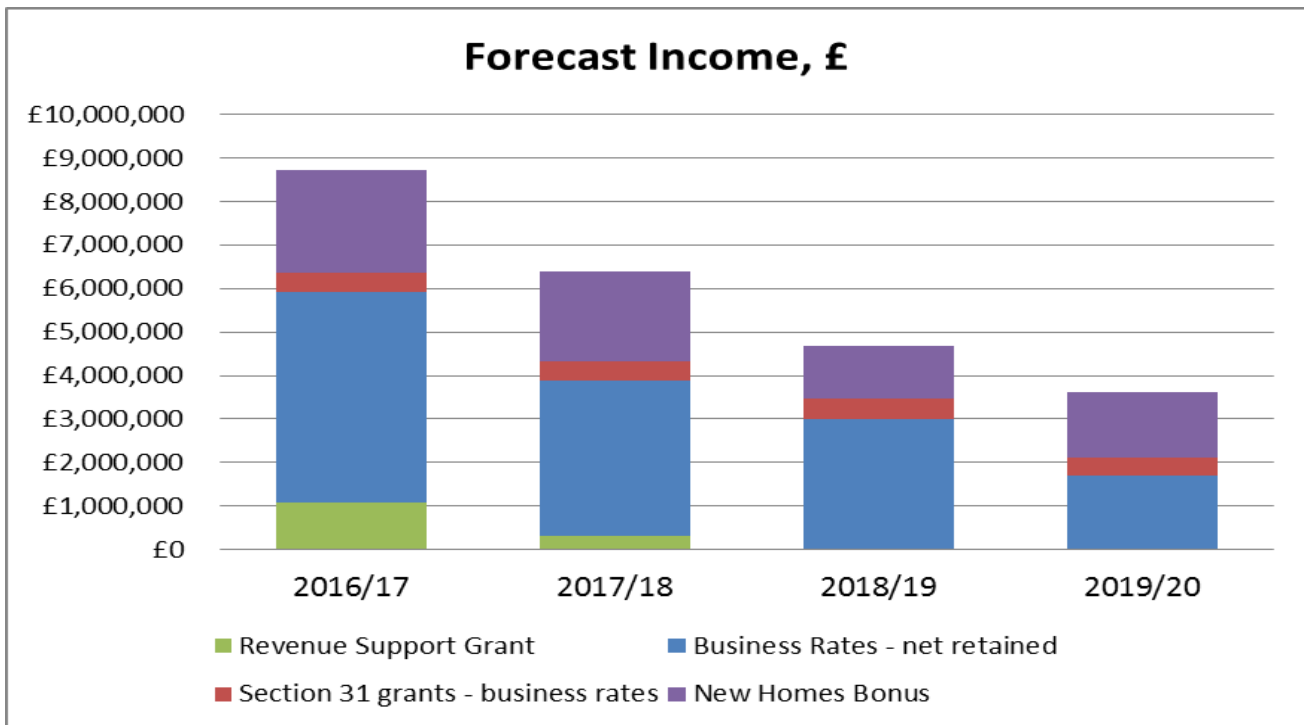
Over recent years, the Council has undertaken a programme of service challenges and senior management restructures. This has reduced our staffing levels as shown in the table below.

	Full time equivalent (FTE) number of staff			
	2012	2013	2014	2015
Office Based Staff	502.7	480.4	530.7	490.2
Manual Staff	232.2	240.0	182.6	214.8
Total	735.0	720.4	713.4	705.0

Issues affecting the Council’s Future

My Chief Finance Officer’s report on the 2017-18 Budget, presented to Council on 8 February 2017, is on our website ([2017-18 Budget Report](#)). This report contains an overview of local government funding, the economic outlook and their impact on Guildford Borough Council.

The economic situation continues to pose a significant risk. The level of Central Government support to Guildford Borough Council has been reducing as the Government addresses the national deficit. The chart below shows the change in Central Government funding since 2013-14 projected through to 2019-20.



During 2016-17, the Council accepted the central government’s offer of a multi-year finance settlement for the 4 year period 2016-17 to 2019-20. The multi-year settlement requires local authorities to make efficiency savings but in return offers some stability for financial planning purposes. In addition the draft local government finance bill, introduced in early 2017 introduces the legislation required to enable local government to retain 100% of business rate revenues from 2020. However, under the new legislation, the system of top-up and tariffs, which re-distributes revenues between local authorities nationally, will be retained. As part of the reforms, the government will phase out Revenue Support Grant (RSG) and devolve additional responsibilities to local government such as responsibility for funding public health and housing benefit to pensioners.

The multi-year settlement for the 4 years 2016-17 to 2019-20 shows that the Council’s core spending power is expected to reduce by 7.9% over the period. However, within this government have assumed a level of council tax base increase and new homes bonus award for 2018-19 and 2019-20 which is in excess of the Council’s own estimates. As a result, our own estimate of the reduction in spending power over the period to 2019-20 is 8.4%. The cumulative reduction to Settlement Funding Assessment (SFA) to 2019-20 is 53% (£2.5 million in cash terms). The majority of the reduction falls on the Revenue Support Grant (RSG) which will be nil for the Council by 2018-19. To enable the government to still have a mechanism for controlling/reducing our ability to raise funding locally, it has introduced an adjustment to the tariff the Council pays to central government under the business rates retention scheme, which has the impact of, further reducing resources in 2019-20. Taken together the reduction in RSG and adjustment to the tariff payment over the period represents a reduction in grant of 13.7% or £2.75 million in cash terms.

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Many of the priorities within the corporate plan involve significant investment in services, infrastructure and housing to deliver the outcomes.

A 10-year capital strategy or 'vision' has been developed with the aims of realising the Council's Corporate Plan, raising the quality of life for residents and improving the long term financial planning process. The first five years of the capital strategy are the capital programme. The capital programme is significant and includes potential investment in key projects to support our corporate plan such as:-

- Redevelopment of North Street
- Investment in affordable houses
- Investment in new social housing (HRA)
- A new link road at Clay Lane, Slyfield
- Redevelopment of the Slyfield area for housing
- Investment in the Council's subsidiary company, North Downs Housing Ltd
- Redevelopment of areas within the town centre owned by the Council
- Investment in transport infrastructure within Guildford Town Centre
- Pedestrian and cycling routes around the town
- Replacement of the roof at the Spectrum
- Upgrading of Woodbridge road sports ground
- Acquisition of new burial ground
- Guildford West (Park Barn Station)
- Redevelopment of Middleton Industrial Estate
- Increasing the car parking provision in the town
- Rebuilding the crematorium
- Renewal of the Council's vehicle fleet (eg, bin lorries etc)
- Redevelopment of Guildford Park car park for housing and a multi-storey car park
- Redevelopment of the Council's offices at Stoke Park nursery
- Repair of Chilworth Gunpowder mills
- Creation of camping facilities at Chantry Wood campsite

To finance the capital strategy, a variety of funding sources, such as capital receipts, capital reserves, revenue contributions, S106 contributions and borrowing will be required. Unless the Council is able to generate capital receipts it will need to borrow from its own internal resources, or the market. Any borrowing will have a direct impact on the revenue budget, as there is a requirement to charge a minimum revenue provision (MRP) for the use of borrowing as well as interest payments. Whilst the 5-year capital programme is ambitious, the 10-year capital strategy assumes that there will be some capital receipts or revenue income arising, particularly from the redevelopment schemes that will offset some of the expenditure in the long-term.

Growth included within the revenue budget for 2017-18 supports the delivery of the Corporate Plan. The growth arising from investment in services to meet the Corporate Plan for 2018-19 to 2020-21 has been included in the medium term financial plan. The main areas of investment to support our corporate plan include:

GUILDFORD BOROUGH COUNCIL STATEMENT OF ACCOUNTS 2016-17

- Design and feasibility work to implement the sustainable movement corridor
- Feasibility study to investigate a bridge on A323 Guildford Road, Ash over the railway line at Ash Railway Station
- Progression of design and feasibility work for a redevelopment at Bedford Road in line with the vision set out in the Allies and Morrison town centre masterplan
- Progression of further feasibility work to redesign the Guildford gyratory system
- A platform capacity study to inform improvements and a development brief for Guildford Railway Station
- Increase in costs relating to waste and recycling gate fees
- Increase in playground repairs and maintenance
- Provision for the loss of various grant funding from Surrey County Council
- Additional procurement officer resources
- The cost of new legislative requirements for data protection and the apprenticeship levy

Our financial projections show that there is a significant gap between projected income and expenditure over the period 2017-18 to 2020-21 of £7.1 million.

The medium term budget gap already assumes that £2.3 million savings and additional income proposals (put forward as part of the 2017-18 business planning process) identified for 2018-19 to 2020-21 can be achieved. There is a risk that if the savings and income proposals are not achieved then the budget gap will be higher.

In order to address the gap, the Council is continuing to pursue a programme of transformation to address the budget gap and ensure a financially sustainable future. The transformation programme has three strands:

- Commercial / traded services
- Asset investment
- Fundamental service reviews.

Financial Risks

The Council faces many financial risks, which are identified in the financial risk register published as part of the Council's budget book for 2017-18 on our website ([2017-18 Budget Book](#)), the major ones are explained below.

1. **The economic situation.** The Council faces the following risks as a result of national economic cycles:
 - Loss of rental income on investment properties
 - Loss of interest from investments arising from bank base rates remaining at a low level for longer than expected
 - Increase in housing benefit claimants and bad debts
 - Potential increase in homelessness
 - Loss of income from Fees and Charges
2. **Delivery of savings and income.** The Council has embarked on transformation programme to deliver savings and income generation required to balance the budget over the medium term. If the programme is not be delivered on target it will affect the Council's ability to contain expenditure within budget in year, thus potentially reducing reserves and will increase the budget gap in future years of the medium term financial plan.

GUILDFORD BOROUGH COUNCIL STATEMENT OF ACCOUNTS 2016-17

3. **Welfare Reform.** At its meeting on 6 December 2016 the Council approved the Local Council Tax Support Scheme (LCTSS) for 2017-18. There were no changes to the revised scheme, which was first introduced in 2016-17. The revised scheme has made savings for the Council but we are aware of the possibility that some residents may find themselves in financial difficulty as a reaction to the savings in the national welfare budget and have maintained a £40,000 hardship fund for these cases. In addition, there will be further welfare reforms in the future, which are likely to influence the support we are able to offer council taxpayers. Although the number of claims is currently stable, any increase in take-up of the scheme is a direct cost to the General Fund, as we no longer receive a direct grant linked to expenditure levels.

4. **Universal credit**, which will replace housing benefit, was implemented from May 2016. The government expects the full roll-out to be complete by mid-2018, for all new benefit claims, with the final stage (converting the stock of existing claims to Housing benefit onto Universal Credit) to be complete by early 2022. The pace of roll-out will be dictated by the number of new claims, which will either be brand new claims or those coming back on to benefit having previously been a recipient. We will be closely monitoring the pace of change, as it will significantly influence our use of human and financial resources during this time. Some staff may choose to leave in advance of the final transfer of work to the Department for Work and Pensions (DWP), which could affect the speed of our processing and the level of customer service we can provide.

The government has also commenced a review of local council tax support, which it promised, following a three year settling down period. There are some suggestions that LCTS could end up packaged with Universal Credit for the long term, which will also have an effect on our resources. Officers will report on the outcomes of the government review once it has been completed and local authorities advised of the findings.

The welfare changes may also affect the Council through vulnerable people placing an increase in demand for services such as homelessness and housing advice.

5. **Corporate Plan.** The Council has an ambitious corporate plan, but it will present risks, which will need to be identified on an item-by-item basis and the Council's appetite for taking on risk agreed.

6. **Regeneration.** The Council is likely to promote regeneration of parts of the town centre where we are a landowner, in order to promote better use of our assets and better transportation links. All will necessitate the identification and acceptance of an appropriate level of risk. There are three major capital regeneration schemes during the medium term budget period; North Street, Slyfield and parts of the town centre along the river corridor. These schemes are schemes that only happen once in a generation and we would not normally expect the Council's on-going capital programme to include schemes of this size under normal operating cycles. Taking these schemes forward will have significant financial risks for the Council. Officers are currently looking at alternative legal structures to help us manage those risks. In particular, Slyfield Area Regeneration Scheme will carry significant financial risk to the Council. The scheme is likely to require the Council to undertake significant upfront investment and the time lag between the investment and the eventual sale of properties will be a number of years. The Council will seek to understand the level of risk and mitigate wherever possible

7. **Capital Programme.** As a consequence of the corporate plan, the Council has an ambitious capital programme, in order to invest in the Borough, and Council services, to deliver the targets within the corporate plan. The decision on how each individual scheme is funded will be taken as part of a further, more detailed, business case for each scheme, than that submitted as part of the bids included within the capital programme report.

The capital programme for 2017-18 to 2021-22 shows the Council has an underlying need to borrow of £392 million. The revenue impact of borrowing includes:

GUILDFORD BOROUGH COUNCIL STATEMENT OF ACCOUNTS 2016-17

- borrowing costs
- interest
- on-going operating costs and
- where known, income associated with each scheme.

The revenue implications of the capital programme are included within the Council's general fund revenue budget and contribute towards its medium term financial plan budget gap.

To meet its medium to long-term financial commitments, the Council will need to generate further capital receipts, service and transformation efficiencies, additional revenue income and capital grant income and contributions.

8. **Business rates retention scheme.** There continues to be volatility in our business rate income due to voids, appeals, revaluations and bad debts.

In 2016, the Government issued a consultation on business rates reform (100% rates retention) and a fair funding review. The results of the consultation are not known however, Government issued a further technical consultation on the implementation of 100% business rates retention in early 2017. I expect that the Council's relative need to spend will be reduced by government as part of the fair funding review, as government will look to re-allocate resources into high demand services such as social care and will continue to expect local authorities to contribute towards meeting national austerity targets. This is likely to mean that the tariff payable by the Council under the business rates retention scheme could increase from 2020 onwards, as indicated by the 2019-20 tariff adjustment included in the multi-year settlement.

9. **Surrey County Council (SCC).** The Council is aware of the significant financial pressure faced by our partner, SCC because of demand and cost pressures within the social care system. The financial sustainability of the social care system is a nationally recognised problem however, the impact it is having at a local level within Surrey is severe. When SCC agreed its 2017-18 budget, it received advice from its Chief Financial Officer that 'the budget for 2017/18 is only sustainable and robust if the Council uses substantial reserves and capital receipts from the sale of assets, and crucially, receives significant transitional relief while an unprecedented scale of service transformation is developed and delivered going forwards'. Guildford Borough Council currently receives approximately £2.1 million of funding from SCC for various services, there is a significant risk that this funding will cease in future.

10. **'Brexit'.** In June 2016, following a referendum, the United Kingdom (UK) voted to leave the European Union (EU). The government triggered Article 50, the formal process to allow the UK to leave the EU, in March 2017. The financial consequences of leaving the EU and the terms on which the UK leaves pose a significant risk to the UK economy, in particular the need for, and length of, any further government spending reductions pose a significant risk to the medium term financial plan of the Council.

Auditors remuneration

Details relating to the remuneration of Auditors of the Council are shown in note 10 to the Statement of Accounts. During the year, the auditors provided additional advice to the Council on the implementation of IR 35.

Conclusion

The Council has been able to maintain a high level of performance in the delivery of its services during 2016-17, and at the same time maintain its reserves and provisions to a level adequate to meet all known liabilities and invest in transformational change.

There are significant challenges for us in the future. The Government continues to reduce local authority funding as part of its austerity programme and we are starting to prepare for the implementation of 100%

GUILDFORD BOROUGH COUNCIL STATEMENT OF ACCOUNTS 2016-17

business rates retention and devolution. The broader welfare reform agenda is also likely to put pressure on Council services, particularly in the area of housing and homelessness. At the same time the Council has exciting but challenging plans for the regeneration of the town and borough.

The Council is well placed to meet these challenges and has a programme of transformational changes and fundamental service reviews in place to deliver savings for future years.

A handwritten signature in blue ink, appearing to read 'CW Morris', with a long horizontal flourish underneath.

Claire Williams Morris, BEng (Hons), FCPFA, Cert IPSFR
Chief Financial Officer
21 September 2017

GUILDFORD BOROUGH COUNCIL STATEMENT OF ACCOUNTS 2016-17

EXPENDITURE AND FUNDING ANALYSIS

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

2015-16			2016-17		
Net Expenditure Chargeable to the General Fund and HRA Balances	Adjustments between Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement	Net Expenditure Chargeable to the General Fund and HRA Balances	Adjustments between Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
£000	£000	£000	£000	£000	£000
4,562	1,725	6,287	5,030	1,363	6,393
3,373	403	3,776	3,698	572	4,270
4,637	1,394	6,031	4,922	2,540	7,462
1,803	6,394	8,197	1,428	7,251	8,679
(20)	36	16	(33)	18	(15)
2,974	(997)	1,977	2,731	(787)	1,944
(22,246)	5,305	(16,941)	(21,797)	9,384	(12,413)
(4,917)	14,260	9,343	(4,021)	20,341	16,320
(10,497)	(8,839)	(19,336)	(10,680)	(15,386)	(26,066)
(15,414)	5,421	(9,993)	(14,701)	4,955	(9,746)
(77,575)			(92,989)		
(15,414)			(14,701)		
(92,989)			(107,690)		

The General Fund and HRA Balance includes earmarked reserves, which are analysed in Note 12 to the accounts. For a split of the balance between the General Fund and the HRA – see the Movement in Reserves Statement.

Net Expenditure Chargeable to the GF and HRA balances is as reported to Management throughout the year except that:

- It excludes depreciation, which is included as an adjustment between funding and accounting basis
- Net income relating to investment property £7.392 million, which is reported to Development Directorate, is included in Other income and expenditure in accordance with generally accepted accounting practices

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

GUILDFORD BOROUGH COUNCIL STATEMENT OF ACCOUNTS 2016-17

MOVEMENT IN RESERVES STATEMENT (MIRS)

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

2016 - 17

	General Fund Balance £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Contributions Unapplied £000	Total Useable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000
Balance at 31 March 2016	35,271	57,718	27,234	3,536	410	124,169	473,086	597,255
Movement in Reserves during 2016-17								
Total Comprehensive Income and Expenditure	1,235	8,511	-	-	-	9,746	47,921	57,667
Adjustments between accounting basis & funding basis under regulations (Note 22)	2,999	1,956	204	2,860	(110)	7,909	(7,909)	-
Increase/(decrease) in 2016-17	4,234	10,467	204	2,860	(110)	17,655	40,012	57,667
Balance at 31 March 2017 carried forward	39,505	68,185	27,438	6,396	300	141,824	513,098	654,922

2015 - 16

	General Fund Balance £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Contributions Unapplied £000	Total Useable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000
Balance at 31 March 2015	30,793	46,782	29,999	2,070	63	109,707	420,368	530,075
Movement in Reserves during 2015-16								
Total Comprehensive Income and Expenditure	(4,844)	14,837	-	-	-	9,993	57,187	67,180
Adjustments between accounting basis & funding basis under regulations (Note 22)	9,322	(3,901)	(2,765)	1,466	347	4,469	(4,469)	-
Increase/(decrease) in 2015-16	4,478	10,936	(2,765)	1,466	347	14,462	52,718	67,180
Balance at 31 March 2016 carried forward	35,271	57,718	27,234	3,536	410	124,169	473,086	597,255

GUILDFORD BOROUGH COUNCIL STATEMENT OF ACCOUNTS 2016-17**BALANCE SHEET**

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

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

31 March 2016 £000	Notes	31 March 2017 £000
667,504	Property, Plant & Equipment 13	720,121
3,456	Heritage Assets 14	3,506
117,284	Investment Property 15	145,899
921	Intangible Assets 16	1,010
25,050	Long-term Investments 28	45,749
955	Long-term Debtors 28	1,802
815,170	Long Term Assets	918,087
107,758	Short-term Investments 28	81,706
362	Inventories	354
7,834	Short Term Debtors 17	7,310
12,223	Cash and Cash Equivalents 18	1,188
128,177	Current Assets	90,558
(34,991)	Short Term Borrowing 28	(35,461)
(25,486)	Short Term Creditors 19	(22,912)
(5,910)	Provisions 20	(3,776)
(66,387)	Current Liabilities	(62,149)
(203,355)	Long Term Borrowing 28	(198,125)
(76,350)	Other Long Term Liabilities 26	(93,449)
(279,705)	Long Term Liabilities	(291,574)
597,255	Net Assets	654,922
124,169	Usable Reserves MIRS	141,824
473,086	Unusable Reserves 23	513,098
597,255	Total Reserves	654,922



Claire Williams Morris, BEng (Hons), FCPFA, Cert IPSFR
Chief Financial Officer, 21 September 2017

GUILDFORD BOROUGH COUNCIL STATEMENT OF ACCOUNTS 2015-17

CASH FLOW STATEMENT

The Cash Flow Statement shows the changes in cash and cash equivalents of the Council during the reporting period. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Council are funded by way of taxation and grant income or from the recipients of services provided by the Council. Investing activities represent the extent to which cash outflows have been made for resources that are intended to contribute to the Council's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (that is borrowing) to the Council.

2015-16		2016-17
£000		£000
OPERATING ACTIVITIES		
9,993	Net surplus on the provision of services	9,746
20,171	Adjustments for non-cash movements (Note 21)	21,490
(6,748)	Adjustments for items included in the net surplus that are investing and financing activities (Note 21)	(9,435)
23,416	Net cash flows from Operating Activities	21,801
INVESTING ACTIVITIES		
(23,465)	Payments for additions to long term assets	(37,511)
(221,996)	Payments for purchase of investments	(96,378)
(38)	Other payments for investing activities	(961)
4,522	Proceeds from the disposal of long term assets	6,417
194,211	Proceeds from disposal of investments	102,399
2,862	Other receipts from investing activities	1,687
(43,904)	Net cash flows from Investing Activities	(24,347)
FINANCING ACTIVITIES		
110,500	Cash receipts of short and long-term borrowing	65,300
(595)	Other receipts from financing activities	(3,747)
(86,230)	Repayments of short and long-term borrowing	(70,042)
23,675	Net cash flows from financing activities	(8,489)
3,187	Net decrease in cash and cash equivalents	(11,035)
9,036	Cash and cash equivalents at the beginning of the reporting period	12,223
12,223	Cash and cash equivalents at the end of the reporting period (Note 18)	1,188

The other receipts from financing activities relate to council tax and business rates adjustments for billing authorities.

NOTES TO THE ACCOUNTS

1. EVENTS AFTER THE BALANCE SHEET DATE

The Statement of Accounts was authorised for issue by the Chief Financial Officer on 30 June 2017. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2017, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

2A). NOTE TO THE EXPENDITURE AND FUNDING ANALYSIS

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments between Funding and Accounting Basis			
	Adjustments for Capital Purposes (Note 1)	Net change for the Pensions Adjustments (Note 2)	Other differences (Note 3)	Total Adjustments
	£000	£000	£000	£000
Community Services	126	475	762	1,363
Corporate Services	21	228	323	572
Development	(71)	352	2,259	2,540
Environment	5,149	761	1,341	7,251
Managing Director	-	18	-	18
Resources	835	(1,903)	281	(787)
Housing Revenue Account	9,466	(121)	39	9,384
Cost of Services	15,526	(190)	5,005	20,341
Other income and expenditure from the Expenditure and Funding Analysis	(9,117)	2,667	(8,936)	(15,386)
Difference between General Fund surplus and Comprehensive Income and Expenditure Statement surplus on the Provision of Services	6,409	2,477	(3,931)	4,955

GUILDFORD BOROUGH COUNCIL STATEMENT OF ACCOUNTS 2016-17

Adjustments between Funding and Accounting Basis				
2015-16				
Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes (Note 1)	Net change for the Pensions Adjustments (Note 2)	Other differences (Note 3)	Total Adjustments
	£000	£000	£000	£000
Community Services	123	603	999	1,725
Corporate Services	16	275	112	403
Development	150	443	801	1,394
Environment	5,032	1,023	339	6,394
Managing Director	-	36	-	36
Resources	416	(1,658)	245	(997)
Housing Revenue Account	5,327	(31)	9	5,305
Cost of Services	11,064	691	2,505	14,260
Other income and expenditure from the Expenditure and Funding Analysis	(8,759)	3,056	(3,136)	(8,839)
Difference between General Fund surplus and Comprehensive Income and Expenditure Statement surplus on the Provision of Services	2,305	3,747	(631)	5,421

Note 1 - Adjustments for Capital Purposes

This column adds in depreciation and revaluation gains and losses in the services line, and for:

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

Note 2 – Net change for the Pensions adjustments

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

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

Note 3 – Other differences

This column adds in the amortisation of intangible software assets and revenue expenditure

funded from capital under statute in the services line, and for:

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

2B). SEGMENTAL INCOME

Revenues received from external customers on a segmental basis is analysed below:

2015-16		2016-17
£000	Services	£000
1,344	Community Services	1,411
115	Corporate Services	175
9,164	Development	10,769
20,735	Environment	20,621
934	Resources	832
31,182	Housing Revenue Account	31,242
63,474	Total Income from services	65,050

3. EXPENDITURE AND INCOME ANALYSED BY NATURE

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

2015-16		2016-17
£000	Expenditure/Income	£000
Expenditure		
32,706	Employee benefits expenses	33,361
73,627	Other services expenses	76,000
10,024	Support service recharges	9,732
10,009	Depreciation, amortisation, revaluation gains and losses	11,599
8,529	Interest payments	7,977
1,406	Precepts and levies	1,470
704	Payments to Housing Capital Receipts Pool	698
(2,002)	Gain on the disposal of assets	(54)
135,003	Total Expenditure	140,783
Income		
117,278	Fees, charges and other service income	117,411
8,874	Interest and investment income	10,395
12,051	Income from council tax and non-domestic rates	15,581
6,793	Government grants and contributions	7,142
144,996	Total Income	150,529
(9,993)	Surplus on the Provision of Services	(9,746)

GUILDFORD BOROUGH COUNCIL STATEMENT OF ACCOUNTS 2016-17

4. OTHER OPERATING EXPENDITURE

2015-16	2016-17
£000	£000
1,406 Parish council precepts	1,470
704 Payments to the government Housing Capital Receipts Pool	698
<u>(2,002) Gains on the disposal of non-current assets</u>	<u>(54)</u>
108	2,114

5. FINANCING AND INVESTMENT INCOME AND EXPENDITURE

2015-16	2016-17
£000	£000
5,473 Interest payable and similar charges	5,310
3,056 Net interest on the net defined benefit liability (Note 26)	2,667
(1,737) Interest receivable and similar income	(1,792)
Income and expenditure in relation to investment properties and	
<u>(7,392) changes in their fair value</u>	<u>(11,642)</u>
(600)	(5,457)

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

6. TAXATION AND NON SPECIFIC GRANT INCOME

2015-16	2016-17
£000	£000
(9,824) Council tax income	(10,263)
(2,227) Non domestic rates income and expenditure	(5,318)
(4,567) Non-ringfenced government grants	(4,124)
<u>(2,226) Capital grants and contributions</u>	<u>(3,018)</u>
(18,844)	(22,723)

The non-domestic rates income and expenditure line above includes the following:

2015-16	2016-17
£000	£000
28,060 Tariff	28,293
112 Levy	962
<u>(30,399) Retained income</u>	<u>(34,573)</u>
(2,227)	(5,318)

7. RELATED PARTIES

The Council is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council. Disclosure of these transactions allows readers to assess the extent to which the Council might have been constrained in its ability to operate independently or might have secured the ability to limit another party’s ability to bargain freely with the Council.

UK Central Government

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

Councillors and Officers

Councillors have direct control over the Council's financial and operating policies. The total of councillors' allowances paid in 2016-17 is shown in Note 8. The Council paid grants totalling £60,310 (£71,249 in 2015-16) to voluntary organisations in which a number of elected councillors and one officer had an interest. In addition, the Council paid grants totalling £531,515 (£510,095 in 2015-16) to voluntary organisations in which a number of councillors were acting as a Borough Council nominee. The Council gave support totalling £283,922 (£284,012 in 2015-16) to the Citizens Advice Bureaux in which two councillors had an interest and four councillors were acting as Borough Council nominees. In all instances, the grants were made with proper consideration of declarations of interest and the relevant councillors, although able to take part in any discussion relating to these grants, were excluded from voting. The Council paid a grant of £22,840, included in the total above (£22,840 in 2015-16) to a voluntary organisation in which one senior officer disclosed an interest, and had no part in the decision to award the grant.

8. COUNCILLORS' ALLOWANCES

2015-16		2016-17
£		£
230,192	Basic Allowance	315,302
67,132	Special Responsibility Allowance	104,216
5,307	Mileage and Subsistence	6,642
302,631		426,160

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

GUILDFORD BOROUGH COUNCIL STATEMENT OF ACCOUNTS 2016-17**9. OFFICERS' REMUNERATION**

The following table sets out the Senior Officers' emoluments for 2016-17, where the salary is between £50,000 and £150,000 per year.

Postholder	Note		Salaries, fees and Allowances	Other non salary payments	Lump sum in respect of car mileage, telephone etc.	Termination Payments	Pension Contribution	Car lease/ other benefits	Total
Managing Director	1	2016-17	130,214	6,608	1,717	-	20,034	8,023	166,596
		2015-16	127,951	-	1,701	-	18,213	6,077	153,942
Director of Corporate Services	1	2016-17	114,892	6,131	11,925	-	95,520	621	229,089
		2015-16	100,142	10,780	3,690	-	16,125	551	131,288
Director of Environment		2016-17	96,851	-	1,717	-	13,998	8,443	121,009
		2015-16	88,255	-	1,362	-	12,781	6,522	108,920
Director of Community Services		2016-17	92,652	-	2,475	-	13,434	4,928	113,489
		2015-16	86,700	-	1,298	-	12,658	5,894	106,550
Director of Resources		2016-17	92,370	-	1,717	-	13,434	3,907	111,428
		2015-16	87,069	-	1,298	-	12,635	3,095	104,097
Director of Planning and Regeneration	2	2016-17	32,653	-	3,814	-	4,767	-	41,234
		2015-16	-	-	-	-	-	-	-
Audit and Performance Manager		2016-17	59,782	-	291	-	8,651	8,951	77,675
		2015-16	57,302	-	-	-	8,290	8,257	73,849
Executive Head of Organisational Development	3	2016-17	-	-	-	-	-	-	-
		2015-16	52,460	-	287	95,626	99,568	5,794	253,735
Director of Development	3	2016-17	-	-	-	-	-	-	-
		2015-16	36,629	-	205	-	5,222	2,637	44,693

1. The other non-salary payment in 2016-17 relates to payments made in respect of the Police and Crime Commissioner election, European Referendum and Mayoral Referendum. The amounts in respect of the Police and Crime Commissioner (PCC) election and European Referendum were reimbursed by the PCC and Treasury. The other non-salary payment in 2015-16 relates to a payment made in respect of the Borough and General Elections held in May 2015. The amount in respect of the General Election was reimbursed by the Treasury.
2. The Director of Planning and Regeneration started in November 2016 on an annualised salary of £90,424
3. These posts were deleted at the end of October 2015, as part of a senior management restructure.

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

Remuneration Band	2016-17	2015-16
	Number of Employees	Number of Employees
£50,000 - £54,999	19	17
£55,000 - £59,999	16	6
£60,000 - £64,999	7	4
£65,000 - £69,999	4	3
£70,000 - £74,999	2	2
£75,000 - £79,999	1	-
£80,000 - £84,999	1	1

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

Exit Package cost band (inc. special payments)	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
£0 - £20,000	5	3	3	0	8	3	£ 66,440	£ 41,380
£20,001 - £40,000	1	2	0	2	1	4	20,800	127,934
£40,001 - £60,000	1	0	0	0	1	0	41,743	-
£60,001 - £80,000	0	0	1	0	1	0	77,939	-
£180,001 - £200,000	0	1	0	0	0	1	-	187,726
	7	6	4	2	11	8	206,922	357,040
Less: amounts included above provided for in previous year								(61,281)
Add: Amounts provided for in CIES not included in bandings							169,101	
Total cost included in CIES							376,023	295,759

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

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

GUILDFORD BOROUGH COUNCIL STATEMENT OF ACCOUNTS 2016-17**10. EXTERNAL AUDIT COSTS**

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

2015-16	2016-17
£'000	£'000
58	58
Fees payable to Grant Thornton UK LLP with regard to external audit services carried out by the appointed auditor for the year	
30	19
Fees payable to Grant Thornton UK LLP in respect of certification of grant claims and returns	
2	2
Fees payable to Grant Thornton UK LLP for other services	
90 Total	79

11. GRANT INCOME

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

2015-16	2016-17
£'000	£'000
Credited to Taxation and Non Specific Grant Income	
2,227	5,318
Non domestic rates (note 6)	
<u>Non-ringfenced government grants</u>	
2,079	1,097
Revenue Support Grant	
1,780	2,362
New Homes Bonus	
708	665
s31 grant - Business Rates Retention Scheme & Council Tax	
2,226	3,018
Capital grants and contributions (note 6)	
9,020 Total	12,460
Credited to Services	
20,437	20,114
Housing Benefit Rent Allowance subsidy	
14,592	14,198
Housing Benefit Rent Rebate subsidy	
582	565
Housing Benefit Administration	
528	510
Supporting People Grant	
544	492
Day care and other social services	
235	235
Business Rate Collection	
112	112
Contributions to grants to voluntary organisations	
180	113
Social Care prevention partnership fund	
141	136
Recycling	
403	474
Other	
37,754 Total	36,949

12. TRANSFERS TO/FROM EARMARKED RESERVES

This note sets out the amounts set aside from the General Fund and HRA balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund and HRA expenditure.

	Balance at 31 March 2015 £000	Transfers In 2015-16 £000	Transfers Out 2015-16 £000	Balance at 31 March 2016 £000	Transfers In 2016-17 £000	Transfers Out 2016-17 £000	Balance at 31 March 2017 £000
General fund:							
Budget Pressures	1,220	500	272	1,448	1,740	416	2,772
Business Rates Equalisation	2,008	2,732	67	4,673	859	2,471	3,061
Capital Schemes	1,932	622	1,915	639	1,400	639	1,400
Car Parks Maintenance	3,297	591	58	3,830	600	63	4,367
Invest to Save	1,337	550	514	1,373	1,249	388	2,234
IT Renewals	802	953	749	1,006	1,448	401	2,053
New Homes Bonus	2,128	779	-	2,907	1,364	325	3,946
Park and Ride	1,650	-	-	1,650	-	-	1,650
Special Protection Area (SPA) Sites	2,662	1,045	38	3,669	835	94	4,410
Spectrum	1,391	172	-	1,563	174	48	1,689
Other earmarked reserves	8,618	2,734	2,587	8,765	1,742	2,332	8,175
Total	27,045	10,678	6,200	31,523	11,411	7,177	35,757
HRA:							
Capital Programme	23,329	2,500	-	25,829	2,500	-	28,329
New Build	20,953	8,436	-	29,389	7,967	-	37,356
Total	44,282	10,936	-	55,218	10,467	-	65,685

Budget Pressures: set up to allow us to manage the budget reduction required over the next five years

Business Rates Equalisation: To be used as appropriate to smooth out the effects of the Business Rates Retention Scheme, including those related to regeneration projects

Capital Programme (HRA): available to fund HRA capital expenditure in future years

Capital Schemes: available to fund General Fund capital expenditure in future years

Car Parks Maintenance: used to fund repairs, maintenance and improvements in the Council's off street car parks

Invest to Save: this reserve funds investment opportunities that will allow us to achieve ongoing savings, and short term increases in revenue costs during periods of transition

IT Renewals: receives repayments from services to fund expenditure as set out in the Council's Information and Communication Technology (ICT) strategy

New Build (HRA): to fund the building and acquisition of new Council homes

New Homes Bonus: New Homes Bonus is a general grant that we receive from the UK government. It is not ring-fenced for any specific purpose

Park and Ride: this reserve will be used to fund future park and ride sites

Special Protection Area (SPA) Sites: set up to hold s106 income received in relation to various SPA sites

GUILDFORD BOROUGH COUNCIL STATEMENT OF ACCOUNTS 2016-17

Spectrum: this reserve is available to finance structural repairs and improvements to Spectrum Leisure Centre

Other: consists of 38 reserves with balances of less than £1 million, which have been earmarked for a range of different purposes e.g. insurance, pensions, protection from interest rate movements, legal actions, and energy management schemes.

13. PROPERTY, PLANT AND EQUIPMENT

Movement in 2016-17:

	Council dwellings £000	Other land and buildings £000	Vehicles, Plant, Furniture & Equipment £000	Infrastructure Assets £000	Community Assets £000	Surplus assets £000	Assets under Construction £000	Total Property, Plant and Equipment £000
Cost or Valuation								
At 1 April 2016	474,814	185,659	23,488	6,190	4,518	1,350	43	696,062
Additions	4,170	2,053	3,530	586	10	-	2,447	12,796
Disposals	(5,495)	(600)	(1,559)	-	-	-	-	(7,654)
Accumulated depreciation written off to cost or valuation	(6,833)	(7,367)	-	-	-	(184)	-	(14,384)
Revaluations recognised in the revaluation reserve	38,161	23,307	-	-	-	267	-	61,735
Revaluations recognised in the surplus on provision of services	(2,786)	236	-	-	-	392	-	(2,158)
Transfers	-	(1,435)	-	35	(35)	1,335	100	-
At 31 March 2017	502,031	201,853	25,459	6,811	4,493	3,160	2,590	746,397
Accumulated Depreciation								
At 1 April 2016	1,081	8,834	14,438	4,205	-	-	-	28,558
Charge for 2016-17	6,634	4,634	1,847	202	-	52	-	13,369
Disposals	-	(26)	(1,241)	-	-	-	-	(1,267)
Revaluations	(6,833)	(7,367)	-	-	-	(184)	-	(14,384)
Transfers	-	(152)	-	-	-	132	20	-
At 31 March 2017	882	5,923	15,044	4,407	-	-	20	26,276
Net book Value								
As at 31 March 2017	501,149	195,930	10,415	2,404	4,493	3,160	2,570	720,121
as at 31 March 2016	473,733	176,825	9,050	1,985	4,518	1,350	43	667,504

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GUILDFORD BOROUGH COUNCIL STATEMENT OF ACCOUNTS 2016-17

Comparative Movement in 2015-16:

	Council dwellings £000	Other land and buildings £000	Vehicles, Plant, Furniture & Equipment £000	Infrastructure Assets £000	Community Assets £000	Surplus assets £000	Assets under Construction £000	Total Property, Plant and Equipment £000
Cost or Valuation								
At 1 April 2015	435,577	180,675	22,195	5,720	4,428	550	6,814	655,959
Additions	5,258	3,805	1,770	470	90	-	2,351	13,744
Disposals	(2,449)	-	(477)	-	-	-	-	(2,926)
Accumulated depreciation written off to cost or valuation	(6,425)	(465)	-	-	-	-	-	(6,890)
Revaluations recognised in the revaluation reserve	32,626	1,523	-	-	-	800	-	34,949
Revaluations recognised in the surplus on provision of services	1,105	121	-	-	-	-	-	1,226
Transfers	9,122	-	-	-	-	-	(9,122)	-
At 31 March 2016	474,814	185,659	23,488	6,190	4,518	1,350	43	696,062
Accumulated Depreciation								
At 1 April 2015	1,136	4,992	13,344	4,041	-	-	-	23,513
Charge for 2015-16	6,376	4,307	1,443	164	-	-	-	12,290
Disposals	(6)	-	(349)	-	-	-	-	(355)
Revaluations	(6,425)	(465)	-	-	-	-	-	(6,890)
At 31 March 2016	1,081	8,834	14,438	4,205	-	-	-	28,558
Net book Value								
As at 31 March 2016	473,733	176,825	9,050	1,985	4,518	1,350	43	667,504
as at 31 March 2015	434,441	175,683	8,851	1,679	4,428	550	6,814	632,446

The transfer of £9.1 million from assets under construction to council dwellings represents housing schemes at Lakeside Close, Ash and New Road, Gomshall, that were completed in 2015-16.

Depreciation

Depreciation is charged on a straight-line basis over the useful life of the asset. The following useful lives and depreciation rates have been used in the calculation of depreciation:

- Council Dwellings – 60 years
- Other Land and Buildings – 5 to 60 years
- Vehicles, Plant, Furniture and Equipment – 3 to 30 years
- Infrastructure – 10 years

GUILDFORD BOROUGH COUNCIL STATEMENT OF ACCOUNTS 2016-17**Capital Commitments**

At 31 March 2017, the Council has entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment in 2017-18 and future years budgeted to cost £2.43 million. Similar commitments at 31 March 2016 were £3.388 million.

The major commitments are:

Woodbridge road sportsground £1.25 million; Former Corporation Club, Slyfield £390,000; and enabling works for new access road at Slyfield £220,000.

Revaluations

The Council carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at current value is revalued at least every five years. All of our council dwellings and a proportion of our other operational properties were revalued by the Valuation Office Agency and Bruton Knowles Limited, chartered surveyors, in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. Council dwellings were revalued as at January 2017 and other property as at November 2016. The assets were inspected between April 2016 and March 2017 and the valuer assumed, where relevant, that the properties valued will continue to be in the occupation of the Council for the foreseeable future having regard to the prospect and viability of the continuance of that occupation.

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

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

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

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

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

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GUILDFORD BOROUGH COUNCIL STATEMENT OF ACCOUNTS 2016-17

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

	Council Dwellings	Other Land and Buildings	Vehicles, Plant, Furniture & Equipment	Surplus Assets	Total
	£000	£000	£000	£000	£000
Carried at historical cost	-	-	25,459	-	25,459
Valued at current value as at:					
31-Mar-17	502,031	156,385	-	3,160	661,576
31-Mar-16	-	3,925	-	-	3,925
31-Mar-15	-	22,526	-	-	22,526
31-Mar-14	-	10,526	-	-	10,526
31-Mar-13	-	8,491	-	-	8,491
Total Cost or Valuation	502,031	201,853	25,459	3,160	732,503

14. HERITAGE ASSETS

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

	Monuments	Civic Regalia	Art	Total
	£000	etc	Collection	Assets
		£000	£000	£000
Cost or Valuation				
At 1 April 2015	938	1,759	723	3,420
Additions	6	-	30	36
At 31 March 2016	944	1,759	753	3,456
Cost or Valuation				
At 1 April 2016	944	1,759	753	3,456
Additions	5	-	45	50
At 31 March 2017	949	1,759	798	3,506

Civic Regalia

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

Art Collection

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

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

The civic regalia and art collection were valued as at March 2012 by Bonhams 1793 Limited, international auctioneers and valuers. The basis of the valuation was for insurance purposes and was based on estimated price of the items if purchased on retail premises.

GUILDFORD BOROUGH COUNCIL STATEMENT OF ACCOUNTS 2016-17

Museum Collections

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

The Council does not consider that reliable cost or valuation information can be obtained for the museum collection because of the diverse nature of the assets held and lack of comparable market values.

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

15. INVESTMENT PROPERTY

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

2015-16		2016-17
£000		£000
7,021	Rental income from investment property	8,421
(905)	Direct operating expenses arising from investment property	(899)
<u>6,116</u>	Net gain	<u>7,522</u>

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

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

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

Level 3 disclosure:

Two of the Council’s investment properties have been revalued at Level 3 in fair value hierarchy (unobservable inputs), having changed from level 2 in 2015-16.

- Bellfields Service Station:
This has been valued at level 3 due to a lack of specific comparable evidence available for service stations and specific information regarding operator income on the

asset. There are no similar assets of this class in the portfolio therefore the impact of the level of input does not impact on any other asset. There is a rent review due 01/04/2017 and going forwards the outcome of this rent review will remove the uncertainty in the levels of input. Currently, the valuation is sensitive to the level of rent adopted, although the valuers do not consider an increase at review date likely as at their valuation dates. In the absence of comparable information the valuers consulted market participants for their views of the market and investment yields.

Valuation methodology

The property has been valued based on the existing rent passing until the end of the lease, upward only reviews, i.e. £45,200 per annum.

The property was last revalued in 2012, where there was little market evidence to support an increase based on falling petrol sales and accordingly the rent review was documented at “nil” increase. During this revaluation there has been little change in circumstances given the ever increasing pressure on petrol sales margins from supermarket and other competing operators. In this regard, the valuers assumed the Council would struggle to find market evidence to support a rent increase upon review.

In terms of estimating the rack rental value for the current valuation, it is clear that without the ability to expand the retail sales by expanding the current shop, without compromising the current number of petrol pumps on the forecourt (and therefore petrol sales), any increase in rent will be difficult to support. The site is just under one fifth of a hectre (just under 0.5 acre) and the valuers assumed that expansion of the current shop to increase retail sales without compromising petrol sales would not be possible. In order to increase retail revenues, the shop might be better served with a Tesco or other supermarket “one stop” operator, however it is probably likely that a supermarket chain would require a larger store to make the investment viable.

Given these factors, therefore, in arriving at the estimate of rental value (in the absence of trading figures from the current tenant), the valuers have assumed that the current rent passing represents the current Estimated Rental Value (ERV) for the property.

Whilst such an investment of this type (being in a good location and let to a strong covenant on an upward only review basis) would normally attract an investment yield of 6.5% in the current market, given the uncertainties of rental growth and the fact that the review has not been triggered by the Council they valued the current income at 6.75%.

In terms of reversionary income, they assumed that the full ERV of the property (i.e. £226,000 per annum) can be regarded as “very risky”. This is on the basis that there is currently a long-term downward trend of petrol sale margins as a result of increased competition. In this regard the reversionary income is valued based on an 8% yield when the lease reverts to the Council in 2054.

- **Shalford Water Works**

This has been valued at level 3 due to a lack of specific comparable evidence and information regarding operator income/profits on the subject. There are no similar assets of this class in the portfolio therefore the impact of the level of input does not affect any other asset. The sensitivity of the inputs is somewhat lessened by the current income being certain until rent review 2034.

The income is in place until the next rent review in 2034, assumed currently to be market rent. However, there is no direct comparable evidence as the last review

GUILDFORD BOROUGH COUNCIL STATEMENT OF ACCOUNTS 2016-17

settled pre arbitration and not in accordance with lease rent review but rather with reference to profits as agreed between the parties.

Valuation methodology

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

The total value included in level 3 for 2016-17 is £2.725 million, the value in 2015-16 included in level 2 was £2.72 million

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

2015-16		2016-17
£000		£000
106,181	Balance at start of the year	117,284
9,794	Additions	24,405
1,309	Net gains/(losses) from fair value adjustments	4,210
<u>117,284</u>	Balance at end of the year	<u>145,899</u>

In 2016-17 we repurchased the long leasehold interest of a unit at Midleton Industrial Estate, from the Council’s tenants. The Council is the freeholder of these properties. We also purchased a new investment property, Wey House, which was part of the Council’s Asset Investment Strategy to increase rental income.

16. INTANGIBLE ASSETS

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

All software is given a finite useful life of 5 years based on an assessment of the period that the software is expected to be of use to the Council. The carrying amount of intangible assets is amortised on a straight-line basis. £268,000 of the amortisation of £282,000 charged to revenue in 2016-17 was charged to the IT renewals revenue account where it offsets the income to the account which is based on repayment of the expenditure incurred on the software. The remainder of the amortisation was charged to the Housing Revenue Account.

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

2015-16		2016-17
£000		£000
	Balance at start of the year:	
3,635	Gross carrying amount	3,939
(2,765)	Accumulated amortisation	(3,018)
870	Net carrying amount at start of year	921
304	Purchases	371
(253)	Amortisation for the period	(282)
921	Net carrying amount at end of year	1,010
	Comprising:	
3,939	Gross carrying amount	4,310
(3,018)	Accumulated amortisation	(3,300)

17. SHORT TERM DEBTORS

31 March 2016		31 March 2017
£000		£000
940	Central government bodies	453
2,496	Other local authorities	1,484
4,398	Other entities and individuals	5,373
7,834	Total	7,310

18. CASH AND CASH EQUIVALENTS

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

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

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

31 March 2016		31 March 2017
£000		£000
7	Cash held by the Council	6
(581)	Bank current accounts	(615)
12,797	Callable deposits	1,797
12,223	Total Cash and Cash Equivalents	1,188

19. SHORT TERM CREDITORS

31 March 2016		31 March 2017
£000		£000
4,996	Central government bodies	5,502
8,608	Other local authorities	7,439
11,882	Other entities and individuals	9,971
25,486	Total	22,912

GUILDFORD BOROUGH COUNCIL STATEMENT OF ACCOUNTS 2016-17**20. PROVISIONS**

	Outstanding Legal Cases £000	NDR Appeals £000	Other Provisions £000	Total £000
Balance at 31 March 2015	188	3,291	342	3,821
Additional provisions made	-	2,528	70	2,598
Amounts used	(111)	(337)	(61)	(509)
Balance at 31 March 2016	77	5,482	351	5,910
Additional provisions made	-	-	169	169
Amounts used	(25)	(1,088)	(70)	(1,183)
Unused amounts reversed	-	(1,120)	-	(1,120)
Balance at 31 March 2017	52	3,274	450	3,776

The Council's provisions consist of six items totalling £3,776,467 (£5,909,849 in 2015-16).

Outstanding Legal Cases

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

NDR Appeals

The NDR appeals provision was set up to cover the Council's share of the estimated reduction in business rates collectable due to rating appeals. It was calculated using information provided by the Valuation Office Agency about outstanding appeals, and our historical knowledge of the likely success rate of these appeals. £2.8 million was transferred back to the Collection Fund, and £2.7 million of revaluation list amendments were charged against the provision, but only the Council's 40% share is shown here. The remainder is shared between central government (50%) and Surrey County Council (10%) and is reflected in the balance sheet in the Council's net creditors with them.

Other provisions

All other provisions are individually insignificant.

21. CASH FLOW STATEMENT – OPERATING ACTIVITIES

The cash flows for operating activities include the following items:

2015-16		2016-17
£000		£000
1,570	Interest received	1,939
(5,316)	Interest paid	(5,325)

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

2015-16		2016-17
£000		£000
12,290	Depreciation	13,369
(1,226)	Revaluation gains on Property, Plant & Equipment	2,158
253	Amortisation of intangible assets	282
4,503	Increase / (decrease) in creditors	1,624
(2,261)	(Increase) / decrease in debtors	1,151
(7)	(Increase) / decrease in inventories	8
3,747	Movement in pension liability	2,476
2,571	Carrying amount of non-current assets sold	6,386
301	Other adjustments	(5,964)
20,171		21,490

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

2015-16		2016-17
£000		£000
(2,226)	Capital grants and contributions credited to surplus on the provision of services	(3,018)
(4,522)	Proceeds from the sale of non-current assets	(6,417)
(6,748)		(9,435)

GUILDFORD BOROUGH COUNCIL STATEMENT OF ACCOUNTS 2016-17

TECHNICAL NOTES TO THE ACCOUNTS

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

22. ADJUSTMENTS BETWEEN ACCOUNTING AND FUNDING BASIS UNDER REGULATIONS

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

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GUILDFORD BOROUGH COUNCIL STATEMENT OF ACCOUNTS 2016-17

2016-17	Usable Reserves					
	General Fund Balance £000	Housing Revenue Account £000	Capital Receipts reserve £000	Major Repairs Reserve £000	Capital Contributions Unapplied £000	Movement in Unusable Reserves £000
Adjustments to the Revenue Resources:						
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement (CIES) are different from revenue for the year calculated in accordance with statutory requirements:						
Pensions costs (transferred to / (from) the Pensions Reserve)	2,597	(121)	-	-	-	(2,476)
Council tax and Business Rates (transfer to the Collection Fund Adjustment Account)	(2,930)		-	-	-	2,930
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	11,917	15,001	-	-	-	(26,918)
Movements in the market value of Investment Properties (transferred from the Capital Adjustment Account)	(4,095)	(115)	-	-	-	4,210
Capital grants and contributions unapplied credited to the CIES	(3,018)	-	-	-	3,018	-
Total Adjustments to Revenue Resources	4,471	14,765	-	-	3,018	(22,254)
Adjustments between Revenue and Capital Resources						
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	(311)	(6,106)	6,417	-	-	-
Payments to the government housing receipts pool (funded by a transfer from the Capital Receipts Reserve)	698	-	(698)	-	-	-
Posting of HRA resources from revenue to the Major Repairs Reserve	-	(6,703)	-	6,703	-	-
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	(336)	-	-	-	-	336
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	(1,523)	-	-	-	-	1,523
Total Adjustments between Revenue and Capital Resources	(1,472)	(12,809)	5,719	6,703	-	1,859
Adjustments to Capital Resources						
Use of the Capital Receipts Reserve to finance capital expenditure	-	-	(5,515)	-	-	5,515
Use of the Major Repairs Reserve to finance capital expenditure	-	-	-	(3,843)	-	3,843
Application of capital grants and contributions to finance capital expenditure	-	-	-	-	(3,128)	3,128
Total Adjustments to Capital Resources	0	0	(5,515)	(3,843)	(3,128)	12,486
Total adjustments	2,999	1,956	204	2,860	(110)	(7,909)

GUILDFORD BOROUGH COUNCIL STATEMENT OF ACCOUNTS 2016-17

2015-16 Comparative figures	Usable Reserves						Movement in Unusable Reserves £000
	General Fund Balance £000	Housing Revenue Account £000	Capital Receipts reserve £000	Major Repairs Reserve £000	Capital Contributions Unapplied £000		
Adjustments to the Revenue Resources:							
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement (CIES) are different from revenue for the year calculated in accordance with statutory requirements:							
Pensions costs (transferred to / (from) the Pensions Reserve)	3,778	(31)	-	-	-	(3,747)	
Council tax and Business Rates (transfer to the Collection Fund Adjustment Account)	2,598	-	-	-	-	(2,598)	
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	8,361	7,780	-	-	-	(16,141)	
Movements in the market value of Investment Properties (transferred from the Capital Adjustment Account)	(1,254)	(55)	-	-	-	1,309	
Capital grants and contributions unapplied credited to the CIES	(1,417)	(809)	-	-	2,226	-	
Total Adjustments to Revenue Resources	12,066	6,885	-	-	2,226	(21,177)	
Adjustments between Revenue and Capital Resources							
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	(174)	(4,348)	4,522	-	-	-	
Payments to the government housing receipts pool (funded by a transfer from the Capital Receipts Reserve)	704	-	(704)	-	-	-	
Posting of HRA resources from revenue to the Major Repairs Reserve	-	(6,438)	-	6,438	-	-	
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	(295)	-	-	-	-	295	
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	(2,979)	-	-	-	-	2,979	
Total Adjustments between Revenue and Capital Resources	(2,744)	(10,786)	3,818	6,438	-	3,274	
Adjustments to Capital Resources							
Use of the Capital Receipts Reserve to finance capital expenditure	-	-	(6,584)	-	-	6,584	
Use of the Major Repairs Reserve to finance capital expenditure	-	-	-	(4,972)	-	4,972	
Application of capital grants and contributions to finance capital expenditure	-	-	-	-	(1,879)	1,879	
Total Adjustments to Capital Resources	-	-	(6,584)	(4,972)	(1,879)	13,435	
Total adjustments	9,322	(3,901)	(2,765)	1,466	347	(4,469)	

23. UNUSABLE RESERVES

31 March 2016	31 March 2017
£000	£000
159,839 Revaluation Reserve	216,896
861 Available for Sale Financial Instruments Reserve	1,668
392,936 Capital Adjustment Account	389,251
(76,350) Pensions Reserve	(93,449)
(3,959) Collection Fund Adjustment Account	(1,029)
(239) Accumulated Absences Account	(239)
473,088	513,098

Revaluation Reserve

The Revaluation Reserve contains the gains made by the Council arising from increases in the value of its Property, Plant and Equipment. The balance is reduced when assets with accumulated gains are:

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

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

2015-16		2016-17
£000		£000
127,905 Balance at 1 April		159,839
36,803 Upward revaluation of assets	63,952	
(1,854) Downward revaluation of assets not charged to the Surplus on Provision of Services	(2,217)	
34,949 Surplus on revaluation of non-current assets not posted to the Surplus on Provision of Services		61,735
(2,354) Difference between fair value depreciation and historical cost depreciation	(2,837)	
(661) Accumulated gains on assets sold or scrapped	(1,841)	
(3,015) Amounts written off to the Capital Adjustment Account		(4,678)
159,839 Balance at 31 March		216,896

GUILDFORD BOROUGH COUNCIL STATEMENT OF ACCOUNTS 2016-17

Available for Sale Financial Instruments Reserve

The Available for Sale Financial Instruments Reserve contains the gains made by the Council arising from increases in the value of its investments that have quoted market prices or otherwise to not have fixed or determinable payments. The balance is reduced when investments with accumulated gains are:

- revalued downwards or impaired and the gains are lost
- disposed of and the gains are realised

2015-16		2016-17
£000		£000
1,157	Balance at 1 April	859
(296)	Upward/(downward) revaluation of investments	809
861	Balance at 31 March	1,668

Capital Adjustment Account

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

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

The account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

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GUILDFORD BOROUGH COUNCIL STATEMENT OF ACCOUNTS 2016-17

2015-16		2016-17
£000		£000
388,045	Balance at 1 April	392,936
	Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:	
(12,290)	Charge for depreciation of non-current assets	(13,369)
1,226	Revaluation gains on Property Plant and Equipment	(2,158)
(253)	Amortisation of intangible assets	(282)
(2,254)	Revenue expenditure funded from capital under statute	(4,723)
(2,571)	Amounts of non-current assets written off on disposal or sale as part of the gain on disposal to the CIES	(6,386)
(16,142)		(26,918)
3,015	Adjusting amounts written out of the Revaluation Reserve	4,678
(13,127)	Net written out amount of the cost of non-current assets consumed in the year	(22,240)
	Capital financing applied in the year:	
6,584	Use of the Capital Receipts Reserve to finance new capital expenditure	5,515
4,972	Use of the Major Repairs Reserve to finance new capital expenditure	3,843
1,879	Use of capital grants and contributions to finance new capital expenditure	3,128
295	Provision for the financing of capital investment charged against the General Fund and HRA balances	336
2,979	Capital expenditure charged against the General Fund and HRA balances	1,523
16,709		14,345
1,309	Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	4,210
392,936	Balance at 31 March	389,251

Pensions Reserve

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

GUILDFORD BOROUGH COUNCIL STATEMENT OF ACCOUNTS 2016-17

2015-16		2016-17
£000		£000
(95,139)	Balance at 1 April	(76,350)
22,536	Remeasurements of the net defined benefit liability	(14,623)
(9,206)	Reversal of items relating to retirement benefits debited or credited to the Deficit on the Provision of Services in the CIES	(8,024)
5,459	Employer's pensions contributions and direct payments to pensioners payable in the year	5,548
(76,350)	Balance at 31 March	(93,449)

Collection Fund Adjustment Account

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

2014-15		2016-17
£000		£000
(1,361)	Balance at 1 April	(3,959)
(2,598)	Amount by which council tax and non-domestic rates income credited to the CIES is different from income calculated for the year in accordance with statutory requirements	2,930
(3,959)	Balance at 31 March	(1,029)

24. CAPITAL EXPENDITURE AND CAPITAL FINANCING

The table below shows the total amount of capital expenditure incurred in the year together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Council, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Council that has yet to be financed.

2015-16		2016-17
£'000		£'000
226,976	<i>Opening Capital Financing Requirement</i>	236,449
	<i>Capital Investment</i>	
13,780	Operational assets	12,846
9,794	Non-operational assets	24,405
304	Intangible assets	371
50	Long Term Investments	1,440
0	Long term debtors	960
2,254	Revenue Expenditure Funded from Capital under Statute	4,723
	<i>Sources of finance</i>	
(808)	Specific Capital Grants	(2,165)
(6,584)	Capital Receipts	(5,515)
(1,071)	Contributions	(963)
(3,274)	Direct Revenue Financing and MRP / VRP	(1,859)
(4,972)	HRA Major Repairs Reserve	(3,843)
236,449	<i>Closing Capital Financing Requirement</i>	266,849
9,473	<i>Movement during the year</i>	30,400
	Increase in underlying need to borrow (unsupported by government financial assistance)	

25. LEASES

Council as Lessee

Finance leases

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

2015-16		2016-17
£'000		£'000
2,491	Council Dwellings	2,955
10,049	Other Land & Buildings	10,919
12,540		13,874

The Council paid premiums at the start of the property leases and there are no more payments due.

GUILDFORD BOROUGH COUNCIL STATEMENT OF ACCOUNTS 2016-17**Council as Lessor***Finance leases*

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

Operating leases

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

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

2015-16		2016-17
£'000		£'000
7,402	Not later than one year	7,522
26,940	Later than one year and not later than five years	26,741
290,239	Later than five years	314,696
324,581		348,959

The lease payments receivable in 2016-17 were £9,343,111 (£7,850,369 in 2015-16).

26. DEFINED BENEFIT PENSION SCHEME**Participation in Pension Schemes**

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

The Council participates in the Local Government Pension Scheme administered by Surrey County Council – this is a funded defined benefit scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets in the long term.

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

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

GUILDFORD BOROUGH COUNCIL STATEMENT OF ACCOUNTS 2016-17

The scheme is a multi-employer plan. Employers are required by regulation to meet the minimum contributions as set out in the Rate and Adjustments Certificate for the relevant actuarial valuation. For 2016-17 this would be the valuation carried out as at March 2016.

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

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

Transactions Relating to Post-employment Benefits

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

The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year:

GUILDFORD BOROUGH COUNCIL STATEMENT OF ACCOUNTS 2016-17

2015-16		2016-17
£000		£000
Comprehensive Income & Expenditure Statement		
Service Cost		
5,994	Current service cost	5,329
156	Past service cost (including curtailments)	28
6,150	Total Service Cost	5,357
Financing and Investment Income and Expenditure:		
(4,812)	Interest income on plan assets	(5,332)
7,868	Interest cost on defined benefit obligation	7,999
3,056	Total Net Interest	2,667
9,206	Total Post Employment Benefits charged to the Surplus or Deficit on the Provision of Services	8,024
Remeasurement of the Net Defined Liability comprising		
3,216	Return on plan assets excluding amounts included in net interest	(22,306)
-	Actuarial losses arising from changes in demographic assumptions	(3,149)
(22,735)	Actuarial (gains)/losses arising from changes in financial assumptions	42,153
(3,017)	Other experience	(2,075)
(22,536)	Total remeasurements recognised in Other Comprehensive Income (OCI)	14,623
(13,330)	Total Post Employment Benefits charged to the Comprehensive Income and Expenditure Statement	22,647
Movement in Reserves Statement		
(9,206)	Reversal of net charges made to the Surplus or Deficit on the provision of services for post employment benefits in accordance with the code	(8,024)
Actual amount charged against the General Fund Balance for pensions in the year:		
5,459	Employers' contributions payable to scheme	5,548

Pension Assets and Liabilities Recognised in the Balance Sheet

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

2015-16		2016-17
£000		£000
152,372	Fair value of plan assets	180,159
(225,305)	Present value of funded liabilities	(270,115)
(3,417)	Present value of unfunded liabilities	(3,493)
(76,350)	Net Liability arising from Defined Benefit Obligation	(93,449)

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

2015-16		2016-17
£000		£000
149,992	Opening fair value of the scheme assets	152,372
4,812	Interest income	5,332
	Remeasurement gain	
	Return on plan assets excluding amounts included in net	
(3,216)	interest	22,306
5,459	Contributions from employer	5,548
1,371	Contributions from employees into the scheme	1,464
(6,046)	Benefits paid	(6,863)
152,372	Closing Fair Value of Scheme Assets	180,159

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

2015-16		2016-17
£000		£000
245,131	Opening fair value of the scheme liabilities	228,722
5,994	Current service cost	5,329
7,868	Interest cost	7,999
1,371	Contributions from scheme participants	1,464
	Remeasurement gain	
	Actuarial losses arising from changes in demographic	
-	assumptions	(3,149)
	Actuarial (gains)/losses arising from changes in financial	
(22,735)	assumptions	42,153
(3,017)	Other	(2,075)
156	Past Service Cost	28
(6,046)	Benefits paid	(6,863)
228,722	Closing Fair Value of Scheme Liabilities	273,608

GUILDFORD BOROUGH COUNCIL STATEMENT OF ACCOUNTS 2016-17**Pension Scheme Assets Comprised:**

Asset Category	31-Mar-17				31-Mar-16			
	Quoted Prices in Active Markets £(000s)	Prices not quoted in Active markets £(000s)	Totals £(000s)	%	Quoted Prices in Active Markets £(000s)	Prices not quoted in Active markets £(000s)	Totals £(000s)	%
Equity Securities:								
Consumer	14,616	-	14,616	8%	12,240	-	12,240	8%
Manufacturing	13,249	-	13,249	7%	9,315	-	9,315	6%
Energy and utilities	7,263	-	7,263	4%	4,281	-	4,281	3%
Financial Institutions	12,745	-	12,745	7%	10,890	-	10,890	7%
Health and Care	4,814	-	4,814	3%	5,370	-	5,370	4%
Information Technology	10,147	-	10,147	6%	8,252	-	8,252	6%
Other	367	-	367	0%	224	-	224	0%
Debt Securities								
Corporate Bonds (investment grade)	6,254	-	6,254	4%	6,518	-	6,518	4%
Corporate Bonds (non-investment grade)	395	-	395	0%	405	-	405	0%
UK Government	367	-	367	0%	-	-	-	0%
Other	826	-	826	0%	203	-	203	0%
Private Equity								
All	-	7,561	7,561	4%	-	6,061	6,061	4%
Real Estate								
UK Property	2,871	7,373	10,244	6%	3,990	5,205	9,195	6%
Overseas Property	-	67	67	0%	-	1,195	1,195	1%
Investment Funds and Unit Trusts								
Equities	49,959	-	49,959	28%	39,664	-	39,664	26%
Bonds	19,693	-	19,693	11%	16,350	-	16,350	11%
Hedge funds	-	-	-	0%	-	-	-	0%
Commodities	-	-	-	0%	-	-	-	0%
Infrastructure	-	-	-	0%	-	-	-	0%
Other	-	-	-	0%	18,873	-	18,873	12%
Derivatives								
Inflation	-	-	-	0%	-	-	-	0%
Interest Rate	(5)	-	(5)	0%	1	-	1	0%
Foreign Exchange	255	-	255	0%	(919)	-	(919)	(1%)
Other	-	-	-	0%	-	-	-	0%
Cash and Cash Equivalents								
All	21,342	-	21,342	12%	4,254	-	4,254	3%
Totals	165,158	15,001	180,159	100%	139,911	12,461	152,372	100%

Basis for Estimating Assets and Liabilities

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

The main financial assumptions used in their calculation have been:

2015-16	2016-17
Mortality assumptions:	
Longevity at 65 for current pensioners:	
22.5 years Men	22.5 years
24.6 years Women	24.6 years
Longevity at 65 for future pensioners:	
24.5 years Men	24.1 years
26.9 years Women	26.4 years
2.2% Rate of Inflation (CPI)	2.4%
3.7% Rate of increase in salaries*	2.7%
2.2% Rate of increase in pensions	2.4%
3.5% Rate for discounting scheme liabilities	2.6%

* **Salary increases are assumed to be 1.5% until March 2017, reverting to the long term assumption shown thereafter.**

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The assumptions in longevity for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in 2015-16.

Change in Assumptions at 31 March 2017	Approximate % increase to Employer	Approximate monetary amount (£000)
0.5% decrease in Real Discount rate	10%	26,608
0.5% increase in the Salary Increase Rate	1%	3,748
0.5% increase in the Pension Increase Rate	8%	22,507

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

Impact on the Council's Cash Flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. Funding levels are monitored on an annual basis. The next triennial valuation is due to be completed on 31 March 2019.

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The scheme will need to take account of the national changes to the scheme under the Public Pensions Services Act 2013. Under the Act, the Local Government Pension Scheme in England and Wales and the other main existing public service pension schemes may not provide benefits in relation to service after 31 March 2014 (or service after 31 March 2015 for other main existing public service pension schemes in England and Wales). The Act provides for scheme regulations to be made within a common framework, to establish new career average revalued earnings schemes to pay pensions and other benefits.

The Council anticipates paying £5,405,000 contributions to the scheme in 2017-18.

The weighted average duration of the defined benefit obligation for scheme members is 17.8 years.

The liabilities show the underlying commitments that the Council has in the long run to pay retirement benefits. The total liability of £93.4 million has a substantial impact on the net worth of the Council as recorded in the balance sheet. However, statutory arrangements for funding the deficit mean that the financial position of the Council remains healthy; the deficit will be made good by increased contributions over the remaining working life of employees, as assessed by the scheme actuary.

27. CONTINGENT LIABILITIES

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

A firm of commercial property agents has made an application for 80% mandatory charitable relief from business rates on behalf of two local NHS trusts. The application demands a discount for the 2016-17 financial year and also a rebate covering the previous six years which, if approved would amount to a cost of approximately £6.3 million, of which the Council's share is 40%. In the past NHS trusts have been considered as public sector-funded organisations rather than charities, partly because they have boards of directors rather than trustees and on these grounds the application has been rejected. Over 100 Councils have received similar letters and the Local Government Association has taken legal advice over the issue and believes the Councils have grounds to reject the applications. It may be that a test case through the courts may be required before this issue is fully resolved.

28. FINANCIAL INSTRUMENTS

A financial instrument (asset or liability) is a contract that gives rise to a financial asset of one entity and a financial liability or equity investment of another entity. They are held in the balance sheet date at their carrying value.

For each class of financial assets and financial liabilities, the Council is required to disclose the fair value of that class of assets and liabilities compared with the carrying amount (amortised cost).

Fair value is defined as the price that would be received to sell an asset, or paid to transfer

a liability, in an orderly transaction between market participants at the measurement date.

The fair value of a financial asset is the price that would be received if it were sold.

The fair value of a financial liability is the price that would be paid to transfer it to another participant of equal credit standing.

Fair values are detailed below, split by their level in the fair value hierarchy:

- level 1 – fair value is only derived from quoted prices in active markets for identical assets or liabilities, for example, bond prices. Listed investments are shown at bid prices. The bid value is based on the market quotation of the relevant stock exchange.
- level 2 – where market prices are not available, for example where an instrument is traded in a market that is not considered to be active or where valuation techniques are used to determine fair value, the fair value is calculated from inputs other than quoted prices that are observable for the asset or liability, for example, interest rates or yields for similar instruments
- level 3 – fair value is determined using unobservable inputs, for example, non-market data such as cash flow forecasts or estimated creditworthiness

Financial Liabilities

A financial liability is an obligation to transfer economic benefits controlled by the Council. It can be represented by a contractual obligation to deliver cash, financial assets or an obligation to exchange financial assets and liabilities with another entity that are potentially unfavourable to the Council.

Financial liabilities held at the balance sheet date consist of long-term loans with the Public Works Loan Board (PWLB), loans from other local authorities, bank overdraft and trade payables for goods and services received.

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

FINANCIAL LIABILITIES	Long-term		Short-term	
	31 March 2017 £000	31 March 2016 £000	31 March 2017 £000	31 March 2016 £000
Borrowing				
<u>Loans at amortised cost</u>				
- Principal sum borrowed	198,125	203,355	35,230	34,730
- Accrued interest	-	-	217	234
- Internal charities	-	-	14	27
Total Borrowing	198,125	203,355	35,461	34,991
<u>Loans at amortised cost</u>				
- Bank overdraft	-	-	615	581
Total Cash Overdrawn	-	-	615	581
Trade payables (Creditors)	-	-	3,035	2,974
TOTAL FINANCIAL LIABILITIES	198,125	203,355	39,111	38,546

The total short-term borrowing includes £230,000 (£230,000 in 2015-16) representing the short-term portion of long-term borrowing (repayable within 1 year).

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The short-term creditors line on the balance sheet include £19.877 million (£22.512 million in 2015-16) short-term creditors that do not meet the definition of a financial liability.

All non-derivative financial liabilities are carried in the balance sheet at amortised cost. Their fair values have been estimated by calculating the net present value of the remaining contractual cash flows at 31 March 2017, using the following methods and assumptions:

- loans borrowed by the Council have been valued by discounting the contractual cash flows over the whole life of the instrument at the appropriate market rate for local authority loans
- the fair values of other long-term loans have been discounted at the market rates for similar instruments with similar remaining terms to maturity on 31 March 2017
- no early repayment or impairment is recognised for any financial instrument
- the fair value of short-term instruments, including trade payables, is assumed to approximate to the carrying amount.

Financial Liabilities	Fair value level	Balance sheet 31 March 2016 £'000	Fair value 31 March 2016 £'000	Balance sheet 31 March 2017 £'000	Fair value 31 March 2017 £'000
<i>Financial liabilities held at amortised cost:</i>					
Long-term loans from PWLB	2	193,355	204,825	193,125	219,403
Other long-term loans	2	10,000	9,838	5,000	5,149
Lease payables	3	-	-	-	-
Guarantees issued	3	-	-	-	-
TOTAL		203,355	214,663	198,125	224,553
Liabilities for which fair value is not disclosed		114,315		131,945	
TOTAL FINANCIAL LIABILITIES		317,670		330,070	
<i>Recorded on balance sheet as:</i>					
Long-term creditors		0		0	
Long-term borrowing		203,355		198,125	
Other long-term liabilities		76,350		93,449	
Short-term creditors		2,974		3,035	
Short-term borrowing		34,991		35,461	
TOTAL FINANCIAL LIABILITIES		317,670		330,070	

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

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

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

Financial Assets

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

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

- loans and receivables
- available for sale
- fair value through profit and loss
- unquoted equity investments held at cost because it is impracticable to determine fair value.

Loans and Receivables (fixed or determinable payments and are not quoted in an active market)

These comprise:

- cash in hand
- bank current and deposit accounts with HSBC Bank PLC
- fixed term deposits with banks and building societies
- loans to other local authorities
- trade receivables for goods and services delivered.

The Council's portfolio of investments, at the balance sheet date, consist of fixed term deposits, call accounts and notice accounts and are measured at amortised cost. This form of measurement does not change the amount of cash received under the terms of the investment.

Available for sale financial assets (those that are quoted in an active market)

These comprise:

- money market funds and other collective investment schemes
- certificates of deposit and covered bonds issued by banks and building societies
- treasury bills and gilts issued by the UK Government
- bonds issued by multilateral development banks and UK companies
- pooled funds

The Council's investments, at the balance sheet date, consisted of money market funds, corporate bonds, covered bonds, certificates of deposit, and pooled funds, including:

- Payden & Rygel Global Limited Sterling Reserve Fund
- CCLA Investment Management Limited Property Fund
- M&G international Investments Limited
- Aberdeen Asset Investments Limited (formerly Scottish Widows Investment Partnership Limited)
- Schroders PLC
- City Financials Limited
- UBS Limited
- Funding Circle Ltd

Balances in money market funds and call accounts at the end of the year are shown under 'cash and cash equivalents' in the balance sheet, as they represent highly liquid investments that are readily convertible to known amounts of cash, with an insignificant risk of a change in value.

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The Council did not have any investments required to be measured at 'fair value through profit or loss', or any unquoted equity investments.

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

FINANCIAL ASSETS	Long-term		Short-term	
	31 March 2017 £000	31 March 2016 £000	31 March 2017 £000	31 March 2016 £000
Investments				
<u>Loans and Receivables</u>				
- Principal sum at amortised cost	17,990	9,500	50,186	69,670
- Accrued interest	-	-	393	311
<u>Available-for-sale investments</u>				
- Principal sum	27,707	15,512	30,799	37,645
- Accrued interest	52	38	328	132
- Fair value adjustments	-	-	-	-
Total Investments	45,749	25,050	81,706	107,758
Cash and Cash Equivalents				
<u>Loans and Receivables</u>				
- Cash	-	-	6	7
- Cash equivalents at amortised cost	-	-	475	3,052
- Accrued interest	-	-	-	-
<u>Available-for-sale investments</u>				
- Cash equivalents at fair value	-	-	1,319	9,741
- Accrued interest	-	-	3	4
Total Cash and Cash Equivalents	-	-	1,803	12,804
Trade receivables (Debtors)	0	955	7,439	5,116
TOTAL FINANCIAL ASSETS	45,749	26,005	90,948	125,678

The short-term debtors line in the balance sheet includes £4.541 million (£2.096 million in 2015-16) short-term debtors that do not meet the definition of a financial asset.

Financial assets classified as available for sale are carried in the balance sheet at Fair Value. For most assets, including bonds, treasury bills, and shares in money market funds and other pooled funds, the fair value is taken from the market price (level 2 in the table below). The fair values of other instruments have been estimated using the net present value of the remaining contractual cash flows as at 31 March 2017, using the following methods and assumptions:

- certificates of deposit and forward loan contracts have been discounted at market interest rates for instruments of similar credit quality and remaining term to maturity
- shares in Surrey Save credit union have been valued from the company's balance sheet net assets and adding expected future profits, discounted at a suitable market rate for similar equity investments (level 3 in the table below)

Financial assets classified as loans and receivables are carried in the balance sheet at amortised cost. Their fair values have been estimated by calculating the net present value of the remaining contractual cash flows at 31 March 2017, using the following methods and assumptions:

- the fair values of other long-term investments have been discounted at the

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market rates for similar instruments with similar remaining terms to maturity on 31 March 2017

- no early repayment or impairment is recognised for any financial instrument
- the fair value of short-term instruments, including trade receivables, is assumed to approximate to the carrying amount.

Financial assets	Fair value level	Balance sheet 31 March 2016	Fair value 31 March 2016	Balance sheet 31 March 2017	Fair value 31 March 2017
		£'000	£'000	£'000	£'000
<i>Financial assets held at fair value:</i>					
Money market funds	1	9,745	9,745	1,322	1,322
Bond, equity and property funds	1	19,167	18,908	19,917	21,550
Corporate, covered and government bonds	2	23,331	23,237	35,116	34,971
Shares in unlisted companies	3	50	50	50	50
Forward contracts in the Council's favour	2	-	-	-	-
<i>Financial assets held at amortised cost:</i>					
Long-term bank deposits	2	-	-	-	-
Long-term loans to local authorities	2	9,500	8,985	17,990	17,214
Long-term loans to companies	3	-	-	1,447	1,447
Lease receivables	3	-	-	-	-
TOTAL		61,793	60,925	75,842	76,554
Assets for which fair value is not disclosed		89,309		62,042	
TOTAL FINANCIAL ASSETS		151,102		137,884	
<i>Recorded on balance sheet as:</i>					
Long-term debtors		955		1,802	
Long-term investments		25,050		45,749	
Short-term debtors		5,116		7,439	
Short-term investments		107,758		81,706	
Cash and Cash Equivalents		12,223		1,188	
TOTAL FINANCIAL ASSETS		151,102		137,884	

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

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

The £1.447 million in the table relates to a loan to our newly formed wholly owned company, North Downs Housing Ltd. The company started trading during March 2017, so the fair value has been calculated using the value of the loans made to the company plus accrued interest on the loan.

Offsetting Financial Assets and Liabilities

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

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Gains and Losses

The gains and losses recognised in the CIES in relation to financial instruments consist of the following items:

Financial Liabilities (at amortised cost) £000	Financial Assets: Loans and receivables £000	Financial Assets: Available for sale £000	Total £000		Financial Liabilities (at amortised cost) £000	Financial Assets: Loans and receivables £000	Financial Assets: Available for sale £000	Total £000
5,473	-	-	5,473	Interest expense	5,310	-	-	5,310
5,473	-	-	5,473	Total expense in Surplus on the Provision of Services	5,310	-	-	5,310
-	(633)	(1,106)	(1,739)	Interest income	-	(626)	(1,166)	(1,792)
-	(633)	(1,106)	(1,739)	Total income in Surplus on the Provision of Services	-	(626)	(1,166)	(1,792)
-	-	296	296	(Gains)/losses on revaluation	-	-	(809)	(809)
-	-	296	296	(Surplus)/deficit arising on revaluation of financial assets in Other Comprehensive Income and Expenditure	-	-	(809)	(809)
5,473	(633)	(810)	4,030	Net (gain)/loss for the year	5,310	(626)	(1,975)	2,709

Transaction Costs

Measurement at amortised cost permits transaction costs relating to financial instruments to be attached to the loan or investment and charged to the CIES over the life of the instrument. Where these costs are considered to be immaterial, they can be charged in full to the CIES in the financial year in which they are incurred. The Council adopted this latter approach in 2016-17.

29. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

The Council has adopted CIPFA’s Code of Practice on Treasury Management (and subsequent amendments) and complies with the Prudential Code for Capital Finance in Local Authorities (both revised in November 2011).

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

The TMSS includes an Annual Investment Strategy in compliance with the CLG Guidance on Local Government Investments. This Guidance emphasises that priority is given to security and liquidity, rather than yield. The Council’s TMSS, together with its treasury management practices are based on seeking the highest rate of return consistent with the proper levels of security and liquidity.

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

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

Credit risk: Investments

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

Recognising that credit ratings are imperfect predictors of default, the Council has regard to other measures including credit default swaps and equity prices when selecting commercial entities for investment.

The TMSS also imposes a maximum sum the Council can invest with a financial institution or group other than the UK government. This is £10 million maximum, of which only £6 million may be on unsecured investments. The Council sets limits on investments in certain sectors. A maximum sum for long-term investments (greater than 364 days) is also set.

All investments in 2016-17 were in line with the Council's approved TMSS.

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

The credit quality of £27.7 million of the Council's investments is enhanced by collateral held. This is entirely in the form of covered bonds collateralised by residential mortgages. This collateral significantly reduces the likelihood of the Council suffering a loss on these investments.

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

Investment type	Credit rating	Long term		Short term	
		31 Mar 17 £000	31 Mar 16 £000	31 Mar 17 £000	31 Mar 16 £000
Investments	AAA	27,575	15,500	-	1,617
	AA+	16,727	9,660	22,365	3,006
	AA	-	-	-	2,009
	AA-	-	-	-	27,109
	A+	-	-	7,531	5,009
	A	-	-	23,626	35,084
	A-	-	-	3,001	5,791
	BBB+	-	-	1,597	2,322
Housing Company	n/a	1,447	-	-	-
Unrated building societies	n/a	-	-	1,024	4,013
Money Market Funds	AAA	-	-	1,321	9,745
Call Accounts	AA-	-	-	475	3,053
Investment Funds	n/a	-	-	22,563	21,635
Total Investments		45,749	25,160	83,503	120,393

Trade Receivables

The Council does not generally allow credit for customers. Of the total debt outstanding, £2.5 million relating to services that the Council has invoiced for is past its due date for payment. The past due amount can be analysed by age as follows:

	£'000
Less than six months	1,665
Six months to one year	113
More than one year	751
	<u>2,529</u>

The Council's credit risk on lease receivables is mitigated by its legal ownership of the assets leased, which can be repossessed if the debtor defaults on the lease contract.

Liquidity risk

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

The Council is exposed to the risk that it will need to refinance a significant proportion of its borrowing at the time of unfavourable interest rates. The Council's strategy is to plan carefully when new loans are taken out and making early repayments where financially advantageous. The risk is also managed by maintaining a spread of fixed rate loans ensuring loans mature at different times.

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

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

31 March 2016 £'000		31 March 2017 £'000
	Short Term Borrowing	
34,730	Less than one year	35,230
	Long Term Borrowing	
5,230	Over 1 but not over 2 years	5,230
5,690	Over 2 but not over 5 years	45,460
75,000	Over 5 but not over 10 years	40,000
35,000	Over 10 but not over 15 years	50,000
25,000	Over 15 but not over 20 years	25,000
57,435	Over 20 but not over 30 years	32,435
238,085	Total Borrowings	233,355

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

Market risk: Interest rate risk

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

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

Investments classed as “loans and receivables” and loans borrowed are not carried at fair value, so changes in their fair value will have no impact on the CIES.

Changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services. Movements in fair value of fixed rate investments classed as “available for sale” are reflected in Other Comprehensive Income and Expenditure.

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

If interest rates had been 1% higher (all other variables being constant) the financial effect across the whole portfolio would be an increase in interest received of approximately £1.48 million, and an increase in interest payable on loans of approximately £2.35 million.

Market Risks: Price Risk

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

The Council’s investment in a pooled property fund is subject to the risk of falling commercial property prices. We limit our exposure to pooled property funds to help mitigate this risk. If commercial property prices fall, it would not impact on the General Fund until the investment was sold.

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

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If share prices fall, there would be no impact on the General Fund until the investment was sold.

30. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

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

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

The value of property, plant and equipment (PPE) on the balance sheet includes the value of certain land and buildings that were not formally revalued during the year under the Council's rolling programme of revaluations. The Council uses critical judgement to determine by how much the value of other land and buildings (OLB) within PPE on the balance sheet would have to be understated or overstated to mislead a user of the accounts and therefore to require these assets to be formally revalued.

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

Also, some assets that are held for their historical interest are classified as property, plant and equipment rather than heritage assets because they are also used to provide a particular service.

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

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

31. ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY

The Statement of Accounts contains estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates. The items in the Council's Balance Sheet at 31 March 2017 for which there is a risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Business Rates	<p>Since the introduction of the Business Rates Retention Scheme effective from 1 April 2013, local authorities are liable for successful appeals against business rates charged to businesses in 2016-17 and earlier years, in their proportionate share.</p> <p>A provision of £8.1 million, of which the Council's share is £3.3 million, has been recognised for the best estimate of the amount that businesses have been overcharged up to 31 March 2017. The provision has been calculated using the Valuation Office ratings list of appeals and the analysis of successful appeals to date.</p>	<p>If the level of successful appeals varies by 1%, it would increase or decrease the appeals provision by £192,000, which in turn would increase or decrease the deficit on the Collection Fund by £192,000. The Council's share of the increase or decrease would be £76,800, which would increase or decrease the surplus on provision of services in the CIES.</p>
Property, Plant and Equipment (PPE) and Investment property	<p>PPE and investment property are included in the balance sheet at fair value of £720 million and £146 million respectively. Chartered surveyors are engaged to provide expert advice in the assumptions to be applied when carrying out the valuations.</p> <p>Individual items of PPE are depreciated over estimated useful lives that are partly dependent upon assumptions about the level of repairs and maintenance that will take place.</p> <p>If the Council were not able to sustain its level of spending on the repair and maintenance of its assets in the long term the estimated useful life assigned to individual assets would need to be reduced.</p>	<p>If the valuations were changed by 1%, it would increase or decrease the value of net assets on the balance sheet by £8.4 million.</p> <p>If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls.</p> <p>Depreciation costs do not affect the Council's overall financial position as they form part of the adjustment between accounting basis and funding basis under regulations.</p>
Pensions Liability	<p>Estimation of the net liability to pay pensions of £93 million depends on a number of complex</p>	<p>The effects on the net pension liability of changes in individual assumptions can be measured.</p>

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Item	Uncertainties	Effect if Actual Results Differ from Assumptions
	<p>judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.</p>	<p>For instance, a 0.5% decrease in the discount rate assumption would result in an increase in the pension liability of £26.608 million. A 0.5% increase in the salary increase rate would result in an increase in the pension liability of £3.748 million and a 0.5% increase in the Pensions increase rate would result in an increase in the pension liability of £22.507 million.</p> <p>During 2016-17, the Council's Actuary advised that the net pension's liability had increased by £17.099 million. This is as a result of a significant decrease in the net discount rate (much lower discount rate, net of slightly higher inflation) over this period. The effect of this will typically have been at least partially offset by much greater than expected asset returns.</p>
Debtors	<p>At 31 March 2017, the Council was owed approximately £12 million. A review of significant balances suggested that an allowance for doubtful debts of £4.7 million was appropriate. However, in the current economic climate it is not certain that such an allowance would be sufficient.</p>	<p>If collection rates were to deteriorate, a doubling of the amount of doubtful debts would require an additional £1.2 million to set aside as an allowance.</p>

32. ACCOUNTING STANDARDS THAT HAVE BEEN ISSUED BUT NOT YET ADOPTED

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

The additional disclosures that are required in respect of the accounting changes that are introduced in the 2017-18 Code are those relating to the amendment to the reporting of pension fund scheme transaction costs, and the amendment to the reporting of investment concentration. None of these changes are expected to have a material effect on the Council's Statement of Accounts.

The Code requires implementation from 1 April 2017 and there is therefore no impact on the 2016-17 Statement of Accounts.

ACCOUNTING POLICIES

1. General Principles

The Statement of Accounts summarises the Council's transactions for the 2016-17 financial year and its position at the year-end of 31 March 2017. The Accounts and Audit (England) Regulations 2015 require the Council to prepare its annual Statement of Accounts in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2016-17, supported by International Financial Reporting Standards (IFRS).

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

2. Accruals of Income and Expenditure (debtors and creditors)

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

- revenue from the sale of goods is recognised when the Council transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Council
- revenue from the provision of services is recognised when the Council can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Council
- revenue from rents on HRA properties, and GF operational and investment property, is recognised as it becomes due under the rental agreement with the tenant
- supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet
- expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made
- interest payable on borrowings and receivable on investments is accounted for respectively as expenditure and income to the CIES on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract
- where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

3. Accounting practice for Council Tax and Business Rates

Revenue relating to council tax and business rates is measured at the full amount receivable (net of any impairment losses) as they are non-contractual, non-exchange transactions. Revenue is recognised when it is probable that the economic benefits of the transaction will flow to the Council and the amount of revenue can be measured reliably.

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The council tax and business rate income included in the CIES is the accrued income for the year, which consists of :

- The Council's council tax precept and business rate share from the Collection Fund i.e. the amount billed for the year; and
- The Council's share of the actual council tax and business rate surplus or deficit on the Collection Fund at the end of the current year, adjusted for the Council's share of the surplus or deficit on the fund at the preceding year end that has not been distributed or recovered in the current year.

The latter is not required by regulation to be credited to the General Fund and so is taken to the Collection Fund Adjustment Account and included as a reconciling item in the MIRS on the General Fund balance.

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

4. Cash and Cash Equivalents

Cash represents cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours; for example call accounts. Cash equivalents are highly liquid investments that are convertible to known amounts of cash within 24 hours and with insignificant risk of change in value, and include money market funds.

The Cash Flow Statement shows cash and cash equivalents net of bank overdrafts that are repayable on demand and form an integral part of the Council's cash management.

5. Material Items

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

6. Charges to Revenue for Non-Current Assets

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

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

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

7. Employee Benefits

Benefits Payable during Employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (for example cars) for current employees and are recognised as an expense for services in the year in which employees render service to the Council. An accrual is made for the cost of holiday entitlements earned by employees but not taken before the year-end and which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

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

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund Balance to be charged with the amount payable by the Council to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

Post-employment Benefits

Most of the Council's employees are members of the Local Government Pension Scheme administered by Surrey County Council. The scheme provides defined benefits earned as Council employees (retirement lump sums and pensions) to members and is accounted for as a defined benefits scheme where:

- the liabilities of the pension scheme attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – that is an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc., and projections of projected earnings for current employees
- liabilities are discounted to their value at current prices, using a discount rate of 2.6% (based on the indicative rate of return on high quality corporate bond over a range of periods)
- the assets of the pension fund attributable to the Council are included in the Balance Sheet at their fair value using the following bases:
 - quoted securities – current bid price
 - unquoted securities – professional estimate
 - unlisted securities – current bid price
 - property – market value

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

- Service cost comprising:
 - current service cost - the increase in liabilities as result of years of service earned this year – allocated in the CIES to the services for which the employees worked
 - past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years - debited to the Surplus or Deficit on the Provision of Services in the CIES, within the Resources Directorate.
 - net interest on the net defined benefit liability, i.e. net interest expense for the Council – the change during the period in the net defined benefit liability that arises from the passage of time charged to the Financing and Investment Income and Expenditure line in the CIES – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability at the beginning of the period – taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments

- Re-measurements comprising:
 - the return on plan assets (excluding amounts included in the net interest on the net defined benefit liability) – the annual investment return on the fund assets attributable to the Council, based on an average of the expected long-term return – credited to Other Comprehensive Income and Expenditure
 - actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure

- Contributions paid to the Surrey County Council Pension Fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

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

Discretionary Benefits

The Council also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise because of an award to any member of staff are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

8. Events after the Reporting Period

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

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

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

9. Financial Instruments

A Financial Instrument (assets or liabilities) is a contract that gives rise to a financial asset of one entity and a financial liability of another entity.

Financial Liabilities

A financial liability is an obligation to transfer economic benefits controlled by the Council. It can be a contractual obligation to deliver cash or financial assets to another entity and are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions.

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

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

For the Council's loans, the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the CIES is the amount payable for the year according to the loan agreement.

Financial Assets

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

The Council uses two types of financial asset:

- loans and receivables – financial assets that have fixed or determinable payments but are not quoted in an active market
- available-for-sale assets – financial assets that have a quoted market price and/or do not have fixed or determinable payments.

The valuation applied to fixed term cash deposits is their carrying value, as these assets cannot be sold and hence there is no market valuation.

Loans and Receivables

Loans and receivables are recognised on the Balance Sheet when the Council enters a

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contractual provision of a financial instrument. They are initially measured at fair value, and subsequently measured at their amortised cost.

Annual credits to the FIIE line in the CIES for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument.

The Council's investments are presented in the Balance Sheet as the outstanding principal receivable (plus accrued interest) and interest credited to the CIES is the amount receivable for the year in the investment agreement.

Where assets are identified as impaired, because of a likelihood that payments due under the contract will not be made, the asset is written down and a charge made to the relevant service (for receivables specific to that service) or the FIIE line in the CIES. The impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate.

Any gains and losses that arise on the de-recognition of an asset are taken to the FIIE line in the CIES.

Available-for-Sale Assets

Available-for-sale assets are recognised on the Balance Sheet when the Council enters a contractual provision of a financial instrument and are initially measured and carried on the Balance Sheet at fair value.

Where the asset has fixed or determinable payments, annual credits to the FIIE line in the CIES for interest receivable are based on the amortised cost of the asset multiplied by the effective rate of interest for the instrument. Where there are no fixed or determinable payments, income (for example dividends) is credited to the CIES when it becomes receivable by the Council.

Assets are shown on the Balance Sheet at fair value. Values are based on the following principles:

- instruments with quoted market prices – the market price
- other instruments with fixed and determinable payments – discounted cash flow analysis
- equity shares with no quoted market prices – independent appraisal of company valuations.

Changes in fair value are balanced by an entry in the Available-for-Sale Reserve and the gain or loss is recognised in the Surplus or Deficit on revaluation of Available-for-Sale Financial Assets. The exception is where we have incurred impairment losses – these are charged to the FIIE line in the CIES, along with any net gain or loss accumulated in the Available-for-Sale Reserve.

Where assets are identified as impaired because of a likelihood that payments due under the contract will not be made (fixed or determinable payments), the asset is written down and a charge made to the FIIE line of the CIES.

If the asset has fixed or determinable payments, the impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate. Otherwise, the impairment loss is measured as any shortfall of fair value against the acquisition cost of the instrument (net of any principal repayment and amortisation).

Any gains and losses that arise on the de-recognition of the asset are credited or debited to the FIIE line in the CIES, along with any accumulated gains or losses previously recognised in the Available-for-Sale Reserve.

Where fair value cannot be measured reliably, the instrument is carried at cost (less any impairment losses).

10. Government Grants and Contributions

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as due to the Council when it is reasonable to conclude that:

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

Amounts recognised as due to the Council are not credited to the CIES until conditions attaching to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset in the form of the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, attributable revenue grants and contributions are credited to the relevant service line and non-ring-fenced revenue grants and all capital grants are credited to Taxation and Non-Specific Grant Income in the CIES.

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

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

11. Heritage Assets

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

- Monuments, including Guildford Castle and Chilworth Gunpowder Mills

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

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- the art collection held at Guildford House Gallery, and civic regalia held at the Guildhall

Insurance values have been used as a proxy for fair value. The assets are not depreciated because they have indeterminable lives.

- various sculptures and pieces of artwork around the Borough

These assets are held on the balance sheet at historical cost and are not subject to depreciation as they have indeterminable lives.

- the museum collection held at Guildford Museum

The Council does not consider that reliable cost or valuation information can be obtained for the museum collection because of the diverse nature of the assets held and lack of comparable market values. Consequently, the Council does not recognise these assets on the balance sheet.

The carrying amounts of heritage assets are reviewed where there is evidence of impairment for heritage assets, for example when an item has suffered physical deterioration or breakage or where doubts arise as to its authenticity. Any impairment is recognised and measured in accordance with the Council's general policies on impairment – see note 16 in this summary of significant accounting policies.

12. Investment Property

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.

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

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

13. Jointly Controlled Operations and Jointly Controlled Assets

Jointly controlled operations are activities undertaken by the Council in conjunction with other venturers that involve the use of the assets and resources of the venturers rather than the establishment of a separate entity. The Council recognises on its Balance Sheet the assets that it controls and the liabilities that it incurs and debits and credits the CIES with the expenditure it incurs and the share of income it earns from the activity of the operation.

Jointly controlled assets are items of property, plant or equipment that are jointly controlled

by the Council and other venturers, with the assets used to obtain benefits for the venturers. The joint venture does not involve the establishment of a separate entity. The Council accounts for its share of the jointly controlled assets, the liabilities and expenses that it incurs on its own behalf or jointly with others in respect of its interest in the joint venture and income that it earns from the venture.

14. Leases

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

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

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

The Council as Lessee

Finance Leases

Property, Plant and Equipment (PPE) held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception. There are no further liabilities on any of the leased assets because premia were paid at the inception of the leases.

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

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

Operating Leases

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

The Council as Lessor

Finance Leases

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

The accounting treatment is the same as for PPE disposals described in policy 16: Property,

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Plant and Equipment: Disposals and Non-current Assets Held for Sale.

Operating Leases

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

15. Overheads and Support Services

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

16. Property, Plant and Equipment (PPE)

Assets that have physical substance and are held for use in the production or supply of goods or services or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment (PPE).

Recognition

Expenditure (including any amounts owed to third parties) on the acquisition, creation or enhancement of PPE is capitalised if it is probable that the item of PPE will generate future economic benefits and/or service potential and the cost of the item can be measured reliably. Expenditure that does not enhance an asset such as repairs and maintenance expenditure is not capitalised and is charged to the CIES as an expense when it is incurred.

Measurement

PPE assets are initially measured at cost, comprising:

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

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

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

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

Assets included in the Balance Sheet at fair value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the year-end, but as a minimum every five years. Increases in valuations are credited to the Revaluation Reserve unless there has been a previous reduction in valuation that has been charged to the CIES in which case it is credited to the CIES.

Where decreases in value are identified, they are accounted for by:

- where there is a balance of revaluation gains for the asset in the Revaluation reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- where there is no balance in the Revaluation reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the CIES.

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

Impairment

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

Where impairment losses are identified, they are accounted for by:

- where there is a balance of revaluation gains for the asset in the Revaluation reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- where there is no balance in the Revaluation reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the CIES.

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

Disposals and Non-current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell, and is no longer subject to depreciation. Gains in fair value are recognised only up to the amount of any previously recognised losses. Depreciation is not charged on Assets Held for Sale.

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

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

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

GUILDFORD BOROUGH COUNCIL STATEMENT OF ACCOUNTS 2015-16

Adjustment Account.

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

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

Depreciation

Depreciation is provided for on PPE assets that are available for use by the systematic allocation of their depreciable amounts over their useful lives. However, assets that do not have a determinable finite useful life such as freehold land are not depreciated. In addition, assets that are in the course of construction and therefore not yet available for use are also not depreciated.

Depreciation is calculated on the following bases:

- dwellings and other buildings – straight-line allocation over the useful life of the property, as estimated by the valuer
- vehicles, plant and equipment – straight-line allocation over the useful life of the asset, as advised by a suitably qualified officer
- infrastructure – straight-line allocation over 10 years.

Where an item of PPE has major components where the cost is significant in relation to the total cost of the item, and where it is necessary to ensure materially correct depreciation charges, the components are depreciated separately. The Council's policy is to consider for componentisation all assets (excluding land) with a value greater than £1 million and where the component(s) comprise more than 20 % of the value of the asset.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

17. Provisions, Contingent Liabilities and Contingent Assets**Provisions**

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

Provisions are charged as an expense to the appropriate service line in the CIES in the year that the Council becomes aware of the obligation. They are estimated at the balance sheet date, taking into account relevant risks and uncertainties. When payments are made to clear the obligation, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year and where necessary revised. If there is a need to increase the provision, the additional amount is charged to the relevant service in the CIES. If, however, the obligation is estimated or ultimately proves to be less

than the value of the provision, the excess amount is credited to the relevant service in the CIES.

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

Contingent Liabilities

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

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

Contingent Assets

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

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

18. Reserves

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year in the CIES. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against council tax for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, retirement and employee benefits and do not represent usable resources for the Council – these reserves are explained in the relevant policies.

19. Revenue Expenditure Funded from Capital under Statute

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

20. VAT

Income and expenditure excludes any amounts related to VAT, as all VAT collected is

GUILDFORD BOROUGH COUNCIL STATEMENT OF ACCOUNTS 2015-16

payable to HM Revenue & Customs and all VAT paid is recoverable from it.

21. Fair Value Measurement

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

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

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

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

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

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

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

HOUSING REVENUE ACCOUNT (HRA) INCOME AND EXPENDITURE STATEMENT

2015-16		NOTE	2016-17
£000			£000
Income			
	Gross Rent Income	1	
30,142	Dwellings		30,065
856	Non-dwellings		872
1,295	Charges for Services and Facilities		1,341
300	Supporting People Grant		346
32,593	Total Income		32,624
Expenditure			
4,753	Repairs and Maintenance		5,089
5,140	Supervision and Management		5,195
150	Increased Provision for Bad or Doubtful Debts		150
6,438	Depreciation	8	6,704
(1,165)	Revaluation (gain)/loss		2,648
85	Debt Management Expenses		147
9	Other Expenditure		18
15,410	Total Expenditure		19,951
	(17,183) Net Income of HRA Services per Comprehensive Income & Expenditure Statement		(12,673)
242	HRA Share of Corporate & Democratic Core		260
(16,941)	Net Income of HRA Services		(12,413)
(1,928)	Gain on sale of HRA fixed assets		(612)
(333)	HRA Investment Income		(508)
5,173	Interest payable		5,022
(808)	Capital grants and contributions		-
(14,837)	Surplus for year on HRA services		(8,511)

The HRA income and Expenditure Statement shows the economic cost in the year of providing housing services in accordance with generally accepted accounting practices, rather than the amount to be funded from rents and government grants. The Council charges rent to cover expenditure in accordance with the legislative framework; this is different from the accounting cost. The increase or decrease in the year, on the basis on which rents are raised, is shown in the Movement on the HRA Statement.

MOVEMENT ON THE HOUSING REVENUE ACCOUNT STATEMENT

2015-16		2016-17
£000		£000
2,500	Balance on the HRA at the end of the previous year	2,500
14,837	Surplus for the year on the HRA Income and Expenditure Account	8,511
(3,901)	Adjustments between accounting basis and funding basis under statute (see note 22 to the Accounts)	1,956
	Net increase before transfers to reserves	<u>10,467</u>
(10,936)	Transfers to reserves (see note 12 to the Accounts)	<u>(10,467)</u>
-	Increase in year on the HRA	<u>-</u>
2,500	Balance on the HRA at the end of the current year	2,500

NOTES TO THE HOUSING REVENUE ACCOUNT

1. Gross Rent Income

This is the total rent income due for the year after allowance is made for voids etc. During the year, voids amounted to £539,497 or 1.81% of gross rent income from dwellings (£602,374 or 2.01% for 2015-16). Average rents were £112.11 per week in 2016-17, a decrease of £0.40 over the previous year.

2. Rent Arrears

At 31 March 2017, rent arrears were £1,224,816 (including £480,644 former tenant arrears) or 4.09% of gross rent income. The comparable figures for 2015-16 were £1,189,776 (including £419,520 former tenant arrears) or 3.98% of gross rent income.

The provision for bad debts at 31 March 2017 was £781,572. The comparable figure for 2015-16 was £693,114.

Amounts written off in the year amounted to £61,541 (£27,051 in 2015-16).

3. Housing Stock

The Council was responsible for managing on average 5,230 dwellings in 2016-17, analysed below:

2015-16 Average	2016-17
2,623 Houses	2,635
2,281 Flats	2,276
318 Bungalows	319
5,222	5,230

2015-16	2016-17
5,199 Stock at 1 April	5,245
(23) Less Sales	(30)
69 Other Adjustments	(1)
5,245 Stock at 31 March	5,214

4. Stock Valuation – Balance Sheet Basis

The basis for the balance sheet valuation of the Council's housing stock is Existing Use Value – Social Housing (EUV – SH) as defined by the Royal Institution of Chartered Surveyors Appraisal and Valuation Manual. The EUV – SH is broadly based on the vacant possession value of the properties, adjusted to reflect the occupation by a secure tenant. The valuation was carried out by Bruton Knowles, Chartered Surveyors. The date of the valuation was January 2017.

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

Valuations for HRA assets are:

31 March 2016	31 March 2017
<u>£000</u>	<u>£000</u>
473,733 Dwellings (valued at EUV - SH)	501,149
3,352 Other Operational Land and Buildings (valued at MV - EU)	4,135
5 Vehicles, plant, furniture and equipment	20
76 Infrastructure	69
148 Community Assets (historic cost)	148
43 Assets under construction	2,357
477,357 Total HRA Assets	507,878

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

5. Stock Valuation – Vacant Possession Value

Valuation of dwelling stock at Vacant Possession Value within the HRA at January 2017 was £1.408 billion. The vacant possession value and the balance sheet value of dwellings within the HRA show the economic cost to Government of providing council housing at less than open market rent.

6. Major Repairs Reserve (MRR)

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

2015-16		2016-17
£000		£000
2,070	Opening Balance at 1 April	3,536
6,438	Depreciation transferred from the HRA	6,703
(4,972)	Capital Expenditure on HRA assets financed from the Major Repairs Reserve	(3,843)
<u>3,536</u>	Closing Balance at 31 March	<u>6,396</u>

7. Capital Expenditure and Financing

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

2015-16		2016-17
£'000		£'000
<u>196,664</u>	<i>Opening Capital Financing Requirement</i>	<u>196,664</u>
	<i>Capital Investment</i>	
5,258	Council dwellings	4,070
2,351	Assets under construction	2,335
26	Intangible assets	67
-	Revenue Expenditure Funded from Capital under Statute	25
	<i>Sources of finance</i>	
(808)	Specific Capital Grants	-
(1,855)	Capital Receipts	(2,654)
(4,972)	Major Repairs Reserve	(3,843)
<u>196,664</u>	Closing Capital Financing Requirement	<u>196,664</u>

Total capital receipts from disposals of land, houses and other property within the HRA during the financial year amounted to £5.408 million.

8. Depreciation

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

2015-16	2016-17
£000	£000
6,376 Dwellings	6,634
54 Other Operational Land and Buildings	58
1 Vehicles, plant, furniture and equipment	3
7 Infrastructure	7
6,438 Total HRA Assets	6,702

The depreciation amount has been calculated by the straight-line method and has not been charged on investment properties or on non-operational housing assets.

9. Contributions to/from the Pensions Reserve

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

2015-16	2016-17
£000	£000
Reversal of items relating to retirement benefits 600 debited to the HRA	227
Employer's pensions contributions and direct (631) payments to pensioners payable in the year	(348)
(31) Contribution to the Pensions Reserve	(121)

COLLECTION FUND

2015-16		2015-16		2016-17		2016-17	
£000		£000		£000		£000	
Council Tax	Business Rates			Council Tax	Business Rates		
Income							
		82,685	Income from Business Ratepayers - Note 2			84,418	
89,790			Council Taxes	94,104			
			Distribution of prior year estimated deficit:				
			Central Government			1,891	
			Surrey County Council			378	
			Guildford Borough Council			1,513	
89,790	82,685		Total Income	94,104		88,200	
Expenditure							
			Precepts				
66,870			Surrey County Council	70,429			
11,836			Surrey Police and Crime Commissioner	12,227			
9,730			Guildford Borough Council	10,178			
			Payment of Business Rates shares:				
	40,084		Central Government			41,400	
	8,017		Surrey County Council			8,280	
	32,067		Guildford Borough Council			33,120	
	(17)		Transitional Protection payments			375	
	235		Charge to General Fund for collecting NDR			233	
500			Provision for council tax bad debts	500			
	150		Provision for business rates bad debts			176	
	6,320		Provision for business rates appeals			(2,800)	
			Distribution of prior year estimated surplus:				
	959		Central Government				
1,773	192		Surrey County Council	829			
314			Surrey Police and Crime Commissioner	147			
257	767		Guildford Borough Council	121			
91,280	88,774		Total Expenditure	94,431		80,784	
Collection Fund Balance							
2,567	(4,106)		Balance at the beginning of the year	1,077		(10,195)	
(1,490)	(6,089)		Surplus/(deficit) for the year	(327)		7,416	
1,077	(10,195)		Balance at the end of the year	750		(2,779)	

NOTES TO THE COLLECTION FUND

1. General

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

The overall balance on Fund as at 31 March 2017 was a deficit of £2.029 million, made up of a Council Tax surplus of £0.75 million and a deficit in relation to business rates of £2.779 million.

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

Agenda item number: 5
Appendix 1

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

2. Income from Business Rates

The Council collects non-domestic rates for its area. These rates are based on local rateable values (£196,801,840 as at 31 March 2017) multiplied by a uniform rate (49.7p standard and 48.4p small business rate in 2016-17). Local authorities retain a proportion of the total collectable rates due. For Guildford this share is 40%. The remainder is distributed to central government (50%) and Surrey County Council (10%).

3. Income from Council Tax

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

Band	Estimated number of taxable properties after effect of discounts	Ratio	Band D equivalent dwellings
Dis A	2.25	5/9	1.25
A	653.83	6/9	435.89
B	1,843.42	7/9	1,433.77
C	8,272.62	8/9	7,353.44
D	12,860.11	9/9	12,860.11
E	8,701.81	11/9	10,635.55
F	5,955.03	13/9	8,601.71
G	6,871.70	15/9	11,452.83
H	1,582.51	18/9	3,165.02
	46,743.28		55,939.57
Plus adjustment for MoD properties and collection rates offset by anticipated changes during the year for successful appeals against valuation banding, new properties, demolitions, disabled person's relief, exempt properties and the Local Council Tax Scheme			(408.47)
			55,531.10

4. Collection Fund Provisions

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

2015-16 £'000	2016-17 £'000
805 Balance at 1 April	736
500 Transfer from revenue	500
(569) (Write offs)/write backs	67
736 Balance at 31 March	1,303

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

2015-16		2016-17
£'000		£'000
866	Balance at 1 April	724
150	Transfer from revenue	176
<u>(292)</u>	Write offs	<u>-</u>
<u>724</u>	Balance at 31 March	<u>900</u>

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

2015-16		2016-17
£'000		£'000
8,228	Balance at 1 April	13,706
6,320	Transfer from revenue	(2,800)
<u>(842)</u>	RV list amendments	<u>(2,721)</u>
<u>13,706</u>	Balance at 31 March	<u>8,185</u>

ANNUAL GOVERNANCE STATEMENT 2016-17

SCOPE OF RESPONSIBILITY

- 1.1. Guildford Borough Council is responsible for ensuring that it conducts its business in accordance with the law and proper standards and that public money is safeguarded, properly accounted for and used economically, efficiently and effectively. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
- 1.2. In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs to facilitate the effective exercise of its functions, including arrangements for the management of risk.
- 1.3. The Council has considered the principles of the CIPFA/SOLACE framework Delivering Good Governance in Local Government 2016, including compliance with the CIPFA Statement on the role of the Chief Financial Officer in Local Government (2016) in the preparation of this statement.
- 1.4. This statement explains how the Council has complied with the code and meets the requirements of regulation 4 of the Accounts and Audit Regulations 2015 in relation to internal control.

THE PURPOSE OF THE GOVERNANCE FRAMEWORK

- 2.1 The governance framework comprises the systems, processes, culture and values by which the authority is directed and controlled and the activities through which it accounts to, engages with and leads the community. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost effective services.
- 2.2 The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood and impact should those risks be realised and to manage those risks efficiently, effectively and economically.
- 2.3 The governance framework has been in place for the year ended 31 March 2017 and up to the date of approval of the statement of accounts.

GOVERNANCE FRAMEWORK

- 3.1 The Council is a complex organisation with an appropriately comprehensive governance framework that works in a dynamic environment and keeps its processes under constant review. A description of how the Council puts the principles of good governance, set out in the CIPFA/SOLACE code into practice is set out in the following table along with recent achievements, developments and areas for improvement.

Principles of Good Governance	Arrangements the Council has for delivering good governance	Recent <i>achievements, developments</i> and areas for improvement
<p>A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law</p>	<ul style="list-style-type: none"> • Council's constitution, includes: <ul style="list-style-type: none"> ▪ codes of conduct for Councillors and Officers ▪ financial and procurement procedure rules ▪ protocol on decision making by lead councillors ▪ Council procedure rules for conduct at meetings ▪ Officer/Councillor protocol ▪ local code of practice for probity in planning ▪ arrangements for dealing with allegations of misconduct ▪ Briefing note for Councillors acting in private capacity • Induction for new members and staff on standard of behaviour expected • Staff performance framework includes behavioural framework & behaviour profiles are included within job descriptions • Staff performance appraisals undertaken twice yearly • Declarations of interest made at meetings • Register of interests maintained • Register of gifts and hospitality maintained • Police protocol for referral of complaints • Anti-Fraud and Corruption Strategy • Anti-Bribery Policy • Whistle blowing policy 	<p><i>Constitution updated December 2016</i></p> <p><i>Arrangements for dealing with allegations of councillor misconduct subject to review during 2015 & 2016 and updated and improved arrangements now in place</i></p> <p><i>Procurement advisory panel launched on-line procurement toolkit and training during 2016-17</i></p>

	<ul style="list-style-type: none"> • Officer corporate governance group monitors compliance with laws and council policies • Officer health and safety group in place to monitor health and safety compliance • Complaints policy in place • Complaints and improvement officer monitors and regularly reports on performance to corporate management team • Corporate Governance and Standards Committee (CG&SC) in place whose remit is set out within the constitution • Overview and Scrutiny Committee (O&SC) review of decision making • Procurement strategy, policy and toolkit in place • An officer Corporate Procurement Advisory Panel (CPAP) monitors compliance with the procurement strategy and policy • All committee reports to Executive and Council require review legal and financial implications to be completed and signed off by Monitoring Officer (MO) or Chief Financial Officer (CFO) • Executive advisory boards in place to advise Executive on topics • Monitoring Officer provisions in place 	
<p>B. Ensuring openness and comprehensive stakeholder engagement</p>	<ul style="list-style-type: none"> • The Councils vision and priorities are set out in the corporate plan • Consultation policy and community engagement strategy in place which adheres to consultation standards • Freedom of Information Act performance monitored by corporate management team and CG&SC • Online council tax information published • Transparency information published on website 	<p>The Council does not currently publish all FOI responses on its website</p> <p><i>FOI performance is improving – 89% responded to within 20 working days during 2016</i></p>

	<ul style="list-style-type: none"> • Records of decision making maintained • Protocol on decision making within the Council's constitution • Report templates include the requirement that all committee reports to Executive and Council require review legal and financial implications to be completed and signed off by the MO and CFO • Forward programme of committee meeting dates and agenda items published on line with reporting dates adhered to • Citizens panel in place and regularly consulted with • Council has maintained the Customer Service Excellence standard accreditation during 2016-17 • Active programme of focus groups and surveys undertaken for specific service initiatives • Active use of social media and on-line tools to engage customers • Regular council newsletter About Guildford issued quarterly • Consultation responses published on the Council's website (e.g., local plan) • Recognition of the importance of and active engagement in key strategic partnerships such as Guildford Surrey Board, Health and Wellbeing Board, Local Enterprise Partnership (EM3) and service specific partnerships 	<p><i>The Council reviewed its website during 2016 and has launched a new improved website</i></p> <p><i>There is an internal staff weekly newsletter to all staff and Councillors</i></p>
<p>C. Defining outcomes in terms of sustainable economic, social, and environmental benefits</p>	<ul style="list-style-type: none"> • Corporate Plan 2015-2020 which sets out the Council's vision, key themes and priorities • Monitoring reports against the corporate plan reported to corporate management team • Programme and project management system in place, captures project level risks and performance reporting • Community engagement strategy 	<p><i>Most recent monitoring report for the corporate plan during 2016-17 reveals that 4.9% of actions to be delivered from 2015 to 2020 are complete and 61.39% are on track.</i></p>

	<ul style="list-style-type: none"> • Risk management policy and strategy in place • Corporate risk register in place and monitored by corporate management team • Financial risk register in place and used to inform the financial sustainability of the budget and adequacy of the level of reserves • Monitoring of key performance indicators undertaken by corporate management team • Business planning process and capital programme development aligned to the corporate plan, bids for funding scored against achievement of corporate plan priorities • Transformation Programme in place including fundamental service reviews, overseen by the transformation board 	<p><i>During 2016-17 the Council restructured to form a business improvement team which is responsible for ensuring the delivery of the transformation programme</i></p> <p><i>A new Councillor-Officer transformation board has been set up during 2016-17 to monitor the transformation programme and the realisation of benefits</i></p>
<p>D. Determining the interventions necessary to optimise the achievement of the intended outcomes</p>	<ul style="list-style-type: none"> • Medium term financial strategy and plan in place, reviewed annually and published as part of the Council's budget book • Business planning process in place to align financial resources with corporate plan priorities • Business planning guidance for managers in place and reviewed annually • Scrutiny of the budget and business planning bids by Executive Advisory Board and Councillor working group • Transformation programme in place including fundamental service reviews which include options appraisals for services • Forward programme for committee decisions • Regular corporate management team and Executive liaison meetings to discuss strategy held • Directors and senior officers hold regular 1:1 meetings with Lead Councillors • Corporate management team hold regular directorate level feedback 	<p>Service planning and KPI monitoring at service level could improve as recently recommended by an internal audit review</p>

	<p>sessions</p> <ul style="list-style-type: none"> • Senior Leaders group in place • Transformation Board in place which monitors the transformation programme • Major Projects Board in place to monitor the delivery of major projects • Property review group in place to review all assets on a rolling programme and optimise property asset utilisation and performance • Risk management protocol in place 	
<p>E. Developing capacity, including the capability of leadership and the individuals within it</p>	<ul style="list-style-type: none"> • Organisational development framework includes twice-yearly performance and development reviews of staff, one to one meetings and clear job descriptions with behavioural profiles. • Managing Director and Leader of the Council hold joint staff briefing sessions • The constitution sets out the role of statutory officers and the role of the Leader • The Council is compliant with CIPFA guidance on the Role of the Chief Financial Officer (CFO) • Head of Paid Service (HoPS) and CFO is part of the corporate management team and always attends Executive-Management team liaison and full Executive meetings • Professionally trained staff in relevant fields in place and continuing professional development encouraged as part of performance and development framework • Regular staff development training programme in place • Active support for staff to obtain external qualifications • Scheme of delegation and financial procedure rules reviewed annually • Council awarded investors in people bronze level 	<p><i>The corporate plan includes a succession-planning project. As part of this there has been a significant handover period between the retiring and new incoming managing director</i></p> <p>Due to staff changes and restructuring, the Interim Monitoring Officer is not a regular attendee at corporate management team but does attend the Executive Liaison and Executive meetings. This will be reviewed by the new Managing Director (and HoPS) during 2017-18.</p> <p>Our Managing Director holds both the statutory roles of HoPS and CFO.</p>

	<ul style="list-style-type: none"> • Councillor development steering group in place which develops and implements an active programme of Councillor training • Achievement of the South East Charter accreditation for Elected Member Development • Recognition of the importance of and active engagement in key strategic partnerships such as Guildford Surrey Board, Health and Wellbeing Board, Local Enterprise Partnership (EM3) and service specific partnerships 	<p>This is unusual but not unique. <i>Council agreed in October 2016, that following retirement of the current managing director on 31st may 2017, the two statutory roles will be separated</i></p>
<p>F. Managing Risks and performance through robust internal control and strong public financial management</p>	<ul style="list-style-type: none"> • Risk management strategy and protocol in place approved by corporate governance and standards committee • Internal audit work programme informed by risks • Internal audit is fully resourced and effective • Compliance the CIPFA code on managing the risk of fraud and corruption • Corporate risk register regularly monitored by corporate management team • Regular key performance indicator monitoring by corporate management team • Role of the overview and scrutiny committee is clearly set out in the constitution and its work programme is developed by the chairperson and officers. Agendas and minutes are published on line. • Regular MO and CFO meetings in place to address statutory responsibilities • Officer corporate governance group oversees key governance, data protection and risk management information and receives reports from the health and safety group • Role of the Corporate Governance and Standards Committee (CG&SC) is clearly set out in the constitution and has an active work programme informed by the officer corporate governance group and agreed by the chairperson. Agendas and minutes are published on line. • Internal and external audit reports are reported to CG&SC 	<p>The Council has not recently reviewed the role and performance of the CG&SC against CIPFA best practice <i>although previous reviews in relation to the old Audit Committee found the committee were compliant with best practice</i></p> <p>Internal audit of data quality found limited assurance and made a number of recommendations for improvement (see section 6)</p> <p><i>The Council has recently introduced iDEA software package to interrogate data systems for audit and risk management purpose</i></p>

	<ul style="list-style-type: none"> • Progress against audit plan and individual audit recommendations are monitored and reported to CG&SC • Council has comprehensive data protection policies and a designated data protection officer who monitors compliance with legislation • Information security risk group, led by the Senior Information Risk Owner in place which reviews the Council's information governance procedures and any necessary improvements • CG&SC receive regular financial monitoring reports 	
<p>G. Implementing good practices in transparency, reporting and audit to deliver effective accountability</p>	<ul style="list-style-type: none"> • The Council published significant information on its website • 'Style guide' in place to encourage officers to write reports in plain English • Annual financial statements includes a narrative summary on the Council's performance during the year as well as reporting the financial position • Effective internal audit function in place which complies with public sector audit standards and the CIPFA statement on the Role of the Head of Internal Audit • Community engagement strategy in place 	<p>The Council does not currently produce a formal annual report however, the CFO's Narrative Statement in the Council's Statement of Accounts reports the majority of information that an annual report would be expected to cover</p> <p>Internal audit review of the Council's compliance with the transparency code during 2016-17 found limited assurance and set out recommendations for improvement</p>

REVIEW OF EFFECTIVENESS

- 1.1. The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework, including the system of internal control. The review of effectiveness is informed by the work of the senior managers within the authority who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit's annual report, and by comments made by the external auditors and other review agencies and inspectorates.
- 1.2. Internal Audit has conducted an ongoing review of the Council's Corporate Governance processes and carried out audits according to the annual Audit Plan, which was approved by the Corporate Management Team, and the Corporate Governance and Standards Committee (CG&SC). We base the Audit Plan on a risk assessment that provides guidance as to the frequency of audits. It covers four main themes (Financial Control, Asset Management, Management Control and ICT) specifically to address the main concerns of corporate governance.
- 1.3. Internal Audit has produced an annual report on Corporate Governance, which is an assessment of corporate governance against CIPFA guidelines. They also review standards of internal control including risk and performance management. The overall conclusion is that the Council's systems of governance, risk management and Internal Control for the period to 31 March 2017 were generally sound and operates consistently across departments.
- 1.4. We have used all of this activity to inform the Annual Governance Statement.

INTERNAL AUDIT STATEMENT

5.1 During 2016-17, internal auditors completed 85% of the audit plan. The shortfall was the result of six unplanned audits, on-going project work, and reduced resources (due to long-term absence). There were eight audits in progress at the end of the year on which we have not yet given an opinion but there are no indications so far of any material or significant issues arising from this work, which would affect this statement. The table below shows assurance levels of the work carried out in the year to 31 March 2017:

Assurance Rating	Number of Audits	
Substantial	6	9%
Reasonable	29	46%
Limited	3	4%
No Assurance	0	0%
No Opinion (one-off projects)	11	18%
Ongoing (Inc. fundamental service reviews)	8	13%
Carried over to 2017-18	6	10%

5.2 Where appropriate the audit report provides management recommendations designed to address weaknesses in the system of internal control. We report the outcomes of these audits to the CG&SC every six months giving councillors an

GUILDFORD BOROUGH COUNCIL STATEMENT OF ACCOUNTS 2016-17

opportunity to understand the Council's compliance with key controls and to discuss any areas of concern with the auditors. We also update councillors on the progress of recommendations.

- 5.3 The Council has very high levels of assurance in respect of all its main financial systems and the majority of its governance arrangements. The main financial systems, tested in 2016-17 and which feed into the production of the Council's financial statements, achieved assurance following internal audit reviews.

SIGNIFICANT GOVERNANCE ISSUES AND ACTION PLAN

- 1.5. This year has been a period of change and there have been ongoing financial pressures. Despite this challenging environment, there have been significant achievements and continuing improvement in the Council's overall governance arrangements as described in section 3. Where we have identified areas for further improvement we will take the necessary action to implement changes that will further develop our governance framework.

Progress against significant governance issues raised in 2015-16

- 1.6. During 2016-17, we have improved the process for determining taxi licence fees. The new process includes approval of the methodology to be used in calculating the fees by the Licensing Committee and an internal audit of how the fees are calculated to ensure compliance with the methodology prior to the fees being approved by Council. Further development of the process to recover the surplus/deficit over three years will be undertaken in 2017-18.
- 1.7. The Council has continued to improve its sundry income collection procedures during 2016-17. All fees and charges are now included in the fees register approved by Council. Income collection processes have been fully mapped and reviewed. The Council is now implementing a project to move the collection of income upfront to the point of sale through a new on-line booking system.
- 1.8. Following a petition under the Localism Act 2011, the Council held a referendum on its governance arrangements in October 2015. The public voted in the referendum in favour of retaining the existing governance arrangements and so no significant changes have been required.
- 1.9. Due to measures introduced in the last two years, the Council's performance in dealing with FOI requests has continued to improve steadily. The overall performance for 2016 was 89% (up from 81% in 2015 and 69% in 2014). The Council now meets the target performance level set by the Information Commissioner of 85%. The improvement is a result of implementing a new FOI case management system and regular monitoring of response rates by corporate management team and CG&SC. Corporate management team have set an internal target of 90% and will continue to monitor performance. Further information is set out in the Council's annual report on Compliance with Information Rights.
- 1.10. In 2015-16, we reported that there was scope to provide the CG&SC with a proactive work programme in relation to standards and that decisions relating to ethical standards, made by the MO under delegated authority within the Council's constitution, should be reported to the Committee. The CG&SC received a new annual report from the MO regarding standards allegations at its meeting in January 2017.

Governance Issues arising in 2016-17

- 1.11. During the year, the Council undertook an internal audit of its compliance with the requirements under the Local Government Transparency Code 2015 for the publication of data, which the code mandates 'must be published'. The audit review concluded that there was limited assurance that the Council was compliant with the code, particularly around procurement information and the format in which data is published. Audit made seven recommendations for improvement, three of which are considered high priority. The high priority recommendations were:
- ensure that all information is published in the appropriate format to meet the three star level required by the code
 - make the information rights officer responsible for the oversight of the Council's response to the transparency agenda
 - review the Council's procurement processes to ensure the publication of tender and contract details
- 1.12. The implementation of the recommendations will be monitored by internal audit as part of their audit follow up review during 2017-18 and who will work with the relevant service managers to ensure compliance. *Responsibility: Information Rights Officer, Due Date March 2018*
- 1.13. The Council is the sole trustee of a small number of charitable trusts relating to sports and recreation grounds that were left to the Council during the early 20th Century (Allen House grounds, Sutherland Memorial ground, Woodbridge Road Sports ground and Racks Close). The Council, as trustee, is undertaking a significant capital project at Woodbridge Road Sports ground. As part of the project, we have established that for many years the Council has operated the grounds as if they were an internal department and, due to declaring nil income and expenditure for the charity, has not produced an annual report to the Charity Commission as required under the Charities Act. We have also established that the deed of trust does not meet current requirements and the governance arrangements around how the Council makes decisions, as trustee requires improvement. The Council's legal services team are due to report proposals to Council in summer 2017 regarding what revised arrangements the Council needs to put into place to meet its obligations as trustee. *Responsibility: Monitoring Officer Due Date September 2017*
- 1.14. The Council has an ambitious programme of major projects. We have introduced programme management software, which is used to monitor progress for both the major projects, the Corporate Plan as well as service projects. There are regular reports to the Corporate Management Team and the Major Projects Board. However, we are continuing to make improvements to provide greater assurance to Corporate Management Team and Councillors. *Responsibility: Audit and Performance Manager, Due Date: March 2018*
- 1.15. Internal Audit carried out a Data Quality Review, which looked at how data is managed across the Council and how our services will be affected by the new General Data Protection Regulations (GDPR), which come into force in May 2018. The audit review identifies areas where we need to improve to comply with current and future regulation. The recommendations are:

GUILDFORD BOROUGH COUNCIL STATEMENT OF ACCOUNTS 2016-17

- introduce a Data Quality Management Strategy which takes into account the requirements of GDPR
- carry out a data mapping review of data that we process including access rights
- carry out an information governance review to analyse which data is no longer needed
- roll out corporate training on data security and the new regulations
- take regular progress reports to the Corporate Management Team

Responsibility: Senior Information Risk Owner (SIRO), Due Date: September 2017

1.16. The Openness of Local Government Bodies Regulations, adopted in August 2014, and The Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 place a requirement on Councils to publish on its website and make available to the public for inspection, reports on decisions taken under authority delegated to Officers or Councillors, where the effect of the decision is to:

- (a) grant a permission or license;
- (b) affect the rights of an individual;
- (c) award a contract or incur expenditure, which in either case, materially affects the Council's financial position.

The Council's process for recording decisions taken under delegated authority is not consistently applied across all services, there is no central library of such decisions and the decisions themselves are not currently reported to a committee of the Council. Where decisions have been properly documented, they are available for public inspection on request; however, the Council does not currently publish delegated decisions on its website. The Corporate Governance Group are reviewing the process for documenting decisions made under delegated authority and will consider how to provide this information on our website and report it to a relevant Committee in future. *Responsibility: Democratic Services Manager, Due Date: March 2018*

ASSURANCE SUMMARY

- 1.17. Good governance is about running things properly. It is the means by which the Council shows it is taking decisions for the good of the people of our area in an equitable and open way. It recognises the standards of behaviour that support good decision-making: collective and individual integrity, openness and honesty. It is the foundation for the delivery of good quality services and fundamental to showing that public money is well spent.
- 1.18. From the review, assessment and monitoring work undertaken and the ongoing work of internal audit we have reached the opinion that overall key systems are operating soundly and that there are no fundamental control weaknesses.
- 1.19. We confirm, to the best of our knowledge and belief, that this statement provides an accurate and fair view.

SIGNED:



.....
Leader of the Council on behalf of Guildford Borough Council

SIGNED:



.....
Managing Director on behalf of Guildford Borough Council

GUILDFORD BOROUGH COUNCIL STATEMENT OF ACCOUNTS 2016-17**GLOSSARY**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Comprehensive Income and Expenditure Statement (CIES) – this shows all the income and expenditure in the year.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

LASAAC – Local Authority (Scotland) Accounts Advisory Committee.

Lease – a lease is a contract for the hire of a specified asset. The lessor owns the asset but transfers the right to use the asset to the lessee for an agreed period in return for the payment of specified rentals. A **finance lease** transfers all the risks and rewards of ownership, such as the cost of repairs and maintenance, to the lessee. All other leases are classified as **operating leases**.

Lessee – an organisation to whom a lease is granted.

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

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

Long term – a term of 365 days or more.

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

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

Out-turn – actual income and expenditure.

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

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

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

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

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

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

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

Short term – a term of 364 days or fewer.

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

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

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

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

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

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

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

Corporate Governance and Standards Report

Ward(s) affected: All

Report of Director of Resources

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Date: 21 September 2017

Financial Monitoring 2017-18

Executive Summary

The report summarises the projected outturn position for the Council's general fund revenue account, based on actual and accrued data for the period April to June 2017, with the outcome of budget monitoring on our key services for the period April to July 2017 overlaid to form a hybrid report.

Officers are projecting a reduction in net expenditure on the general fund revenue account of £560,823 (representing 1.26% of its original net budget). This is the result of a combination of factors, which include a reduction in employee expenditure across all services, higher than assumed levels of grant support and a reduction in the statutory Minimum Revenue Provision (MRP) charge to the general fund to make provision for the repayment of past capital debt. This lower than budgeted MRP charge reflects a re-profiling of capital schemes, which has also had a positive impact on the level of our cash balances and assumed external borrowing costs, which have combined to produce higher than budgeted net interest receipts.

A surplus on the Housing Revenue Account (HRA), due to lower staffing and repairs and maintenance costs will enable a projected transfer of £8.76 million to the new build reserve and reserve for future capital at year-end. The transfer is £537,128 higher than budgeted.

Officers are making progress against significant capital projects on the approved programme as outlined in section 7. The Council expects to spend £76.1 million on its capital schemes by the end of the financial year. The expenditure is higher than it has been for many years and demonstrates substantial progress in delivering the Council's capital programme.

The Council's underlying need to borrow to finance the capital programme is expected to be £52 million by 31 March 2018, against an estimated position of £87.7 million. The lower underlying need to borrow is a result of slippage on both the approved and provisional capital programme as detailed in paragraphs 7.3 to 7.6 of this report. The Council held £144.1 million of investments and £250.3 million of external borrowing

at 30 June 2017, which includes £193 million of HRA loans. Officers confirm that the Council has complied with its Prudential indicators in the period, which were set in February 2017 as part of the approval of the Council's Treasury Management Strategy.

Recommendation to Committee

The Committee is asked to note the results of the Council's financial monitoring for the period April to June 2017 and the update on key services for the period April to July 2017 and to make any comments it feels appropriate.

Reason 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 June 2017 and includes an update on key services for the period April to July 2017.

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 the 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 June 2017 (period 3) and covers all Council services, with key services updated to reflect monitoring undertaken at the end of July
 - (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 HRA

- 3.2 The Council's Corporate Management Team (CMT), Chief Finance Officer and deputies, and officer capital programme monitoring group review monitoring reports. Financial monitoring for all services is reported to this Committee on a regular basis.
- 3.3 This report sets out the financial monitoring and covers:
- (a) general fund revenue monitoring (section 4)
 - (b) HRA 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. Officers have prepared the projected outturn on a combination of three months' actual and accrued data, adjusting key services to reflect updated 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 2017.
- 4.3 At total service unit level, the projected outturn is £1.54 million higher 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 £600,390 lower than the latest estimate.
- 4.4 Following the receipt of dividends for the first quarter, the return on external funds has been re-forecast and net external interest receivable is projected to be £355,694 higher than our original estimate.
- 4.5 The Minimum Revenue Provision (MRP), based on the Capital Financing Requirement (CFR) at 31 March 2017 for the purposes of this report, is shown as £700,000. This is £528,584 lower than estimated. The reduction is due to slippage in the capital programme experienced during 2016-17.
- 4.6 The overall projected position for net expenditure is £560,823 lower than estimate.
- 4.7 The table below shows the supplementary estimates and virements approved to date.

Supplementary Estimates 2017-18

Service/Description	Approval Date	Committee	Value
Replacement Cremator	5 April 2017	Executive	£211,750
Joint Enforcement Team (receipt of grant)	21 April 2017	Executive	(£24,000)
Joint Enforcement Team (authority to spend grant)	21 April 2017	Executive	£24,000
TOTAL			£211,750

Virement Record 2017-18

Service/Description	Approved by	Date of Approval	Value
Legal Services	Head of Financial Services	4 April 2017	£57,280
Joint Enforcement Team	Executive	21 April 2017	£86,600
Science and Arts Festival	Head of Financial Services	3 May 2017	£20,000
TOTAL			£163,880

- 4.8 Unlike the old formula grant system, not all of the income and payments relating to the Business Rates Retention Scheme (BRRS) are fixed. The tariff and retained income figures do not change from the budgeted amount, but the levy and s31 grant income do. 2017-18 is the second year we have been in a Business Rates Pool.

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:

	2017-18 Estimate (£)	2017-18 Projection (£)	Variance (£)
BRRS – tariff	30,213,400	30,213,400	0
BRRS – payment to pool re levy	652,892	723,732	70,840
Contn to BRRS equalisation reserve	1,958,675	1,919,058	(39,617)
	<hr/>	<hr/>	<hr/>
	32,824,967	32,856,190	31,223
BRRS – s31 grant	(633,707)	(664,930)	(31,223)
BRRS – retained income	(35,250,674)	(35,250,674)	0
BRRS – net position	<hr/> (3,059,414)	<hr/> (3,059,414)	<hr/> 0

- 4.9 The table above shows an increase in our payment to the Pool and a reduced contribution to the equalisation reserve in order to maintain the overall impact on the general fund.

Major Service Variances

- 4.10 **Appendix 2** provides detailed information on variances at a service level. There are some services with projected larger variances in total net expenditure

and these are summarised in the table below. This table 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		
Day Services – savings arising from vacancies		(27)
Corporate Services		
Public Relations and Marketing – reversing deletion of posts	49	
Development Directorate		
Industrial Estates – rent reviews		(92)
Major Projects – staffing implications	54	
Asset Development – savings arising from vacancies		(120)
Environment Directorate		
Cemeteries and Closed Churchyards – works deferred		(53)
Crematorium – implications of cremator works	40	
Electric Theatre – implications arising from change of operator	76	
Guildford House – repair and Maintenance		(40)
Guildhall – repair and maintenance		(45)
Guildford Museum – repair and maintenance	33	
Off street Parking – rescheduling of decoration works/season tickets		(183)
Parks and Countryside – traveller costs/contract arrangements	120	
Public Conveniences – assessment of maintenance requirements		(40)
Refuse and Recycling – gate fees/recycling credits		(55)
Woking Road Depot – maintenance costs	25	
Management Directorate		
Internal Audit – savings arising from vacancies		(25)
Resources Directorate		
ICT Business Services Team – savings arising from vacancies		(61)
Climate Change – savings arising from vacancies		(60)
Council Tax – salary savings pending restructure		(59)
Miscellaneous Items – variation in external grant/corporate inflation		(301)
The Village – variation in rental income and expenditure	625	

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 June 2017. The report shows that HRA gross service expenditure is projected to outturn at 99.7% of the budgeted level, whilst income is projected to be 101.4% of the budgeted level. The projected outturn would enable a transfer of around £11.26 million to the new build reserve and the reserve for future capital. The principal variations are:

- The rental income estimate for 2017-18 included a prudent allowance for Right to Buy (RTB) sales and the re-commissioning of units. Rental income is projected to be £476,300 higher than budgeted, which is consistent with the previous year's income after allowing for a 1% reduction in social rents.
- It is projected that employee related expenditure; net of temporary staffing, vacancy credit and redundancy costs will result in a saving against budget of £190,000.
- 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. At this early stage in the year, we are not assuming a saving against budget.
- 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 (of less than 12 months), as those tenants 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 £193 million, and a small amount (£10 million) 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 3.

Loan type		Balance 01 April 17 £000	New loans £000	Loans repaid £000	Balance 30 June 17 £000	Weighted average rate of
PWLB						3.09%
Variable		45,000	0	0	45,000	
Fixed	Maturity	147,435	0	0	147,435	
	EIP	920	0	0	920	
Local authorities		10,000	0	0	10,000	1.35%
Total long-term Loans		203,355	0	0	203,355	
Temporary Loans		30,000	29,000	(12,000)	47,000	0.37%
Total Loans		233,355	29,000	(12,000)	250,355	

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 2017-18 is £1.36 million, the projected outturn is £1.6 million. The gross cash balances representing the Council's reserves and working balances at 30 June 2017 available for investment were £144 million and net of short-term borrowing £97 million.
- 6.6 The Council's budgeted external interest cost, which relates to short and long-term borrowing, for the year is £6.11 million and the outturn is projected to be £6.06 million.
- 6.7 Net interest receivable was budgeted at £490,000 and is projected to be £846,000 because of higher than anticipated cash balances.
- 6.8 The Council's annualised weighted return on investments for the period to June 2017 was 1.182% against an estimate of 1.713%.
- 6.9 The table below summarises the Council's investment activity for April to June 2017.

Investment	Balance 01 April 17 £000	New investments £000	Investments matured £000	Change in capital value £000	Balance 30 June 17 £000	Weighted average rate of interest
<u>Investment Funds</u>						
Payden & Rygel	5,025	0	0	(2)	5,024	0.16%
CCLA	6,351	0	0	50	6,401	1.44%
Aberdeen (SWIP)	1,848	0	0	(2)	1,845	0.63%
M&G	2,670	0	0	(60)	2,610	1.37%
Schroders	914	0	0	(19)	895	1.63%
Funding Circle	870	0	0	6	877	0.79%
UBS	2,417	0	0	9	2,426	1.04%
City Financial	2,468	0	0	(43)	2,425	1.84%
<u>In- House Investments:</u>						
Call Accounts	475	7,928	(7,921)	0	482	0.15%
Money Market Funds	1,319	61,737	(45,746)	0	17,310	0.26%
Notice Accounts	13,000	0	0	0	13,000	0.52%
Temporary Fixed Deposits	34,000	5,000	(6,000)	0	33,000	0.74%
Certificates of Deposit	2,000	0	0	0	2,000	0.56%
Unsecured bonds	6,824	3,803	(1,500)	0	9,127	0.63%
Long Term Covered Bonds	27,736	0	0	0	27,736	0.96%
Long Term Fixed Deposits	16,500	0	0	0	16,500	1.54%
Revolving Credit Facility	2,500	0	0	0	2,500	2.25%
Total Investments	126,917	78,468	(61,167)	(61)	144,158	

- 6.10 Some of our externally managed funds have seen a fall in their capital values since inception. The falls are indicative of wider financial market movements over the same period. The Council's external investments are held for long-term purposes and are invested to generate an income for the Council over the longer term. Any loss in investment value will not be realised unless the investment is sold 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.

Prudential Indicators

- 6.11 Officers confirm that the Council has complied with its Prudential indicators in the period, which were set in February 2017 as part of the Council's Treasury Management Strategy Statement.

Authorised limit and Operational Boundary for External Debt

- 6.12 The Local Government Act 2003 requires the Council to set an Affordable Borrowing Limit, irrespective of their indebted status. This is a statutory limit, which we should not breach.
- 6.13 The Council's authorised borrowing limit was set at £525 million for 2017-18.
- 6.14 The Operational Boundary is based on the same estimates as the Authorised Limit but reflects the most likely, prudent but not worst case scenario without the additional headroom included in the Authorised Limit.

6.15 The operational boundary was set at £475 million for 2017-18.

6.16 The Chief Finance Officer confirms that there have been no breaches to the authorised limit and operational boundary during the year. Borrowing, at its peak, was £250 million.

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

6.17 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.

6.18 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.

6.19 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.

	2017-18 approved (£000)	2017-18 actual to date (£000)
Net debt		
Upper limit on fixed interest rates	267,120	132,721
Upper limit on variable interest rates	1,320	(33,658)

Maturity structure of fixed rate borrowing

6.20 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	30%	23%	-7%
1 to 2 years	20%	0%	-20%
3 to 5 years	35%	5%	-30%
6-10 years	50%	5%	-45%
11 years and above	100%	67%	-33%

6.21 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

6.22 This indicator allows the Council to manage risk inherent in investments longer than 364 days. The 2017-18 limit is set at £70 million and we had £50.7 million of longer-term investments as at 30 June, of which £27.6 million was in covered bonds.

7 Capital Programmes

7.1 Appendices 4 to 9 of this report set out the following for each scheme on the Council's capital programme

- the gross estimate for the scheme approved by the Executive
- the cumulative expenditure to 31 March 2017 for each scheme
- the estimate for 2017-18 as approved by Council in February 2017
- the 2017-18 revised estimate which takes into account the approved estimate, any project underspends up to 31 March 2017, and any virements or supplementary estimates
- 2017-18 current expenditure
- 2017-18 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 £48.9 million representing a £3.8 million variance to the revised estimate of £52.7 million. If a project is on the approved programme, it is an indicator that the project has started or is near to starting following the approval of a final business case by Executive. Whilst actual expenditure for the period of £1.9 million may seem low, a number of significant projects are in progress. These include:

- ED30 - Home Farm, provision of traveller pitches (£770,000) - work is progressing on this scheme which is due to complete in 2017-18
- OP6 – vehicle replacement programme of £527,000
- PL11 - Spectrum roof replacement and steel works (£3.853 million) work is progressing on this scheme
- FS1 – capital contingency fund – there is £4.599 million remaining in the fund
- ED25 – Guildford Park infrastructure works (£5.997 million) - this scheme received planning consent in November 2016 and initial works are progressing. A significant amount of the cost of this project is still on the provisional capital programme awaiting final business case approval.
- ED6 – Slyfield Area Regeneration Project (SARP) (£1.767 million) - work is progressing on the detailed design, pre-planning and site investigation work for this scheme to inform the final business case which will be brought forward for approval in 2017-18. The budget for the full scheme is still on the provisional capital programme. Subject to business case approval, the scheme is scheduled for completion in 2026-27.
- P5 – Walnut bridge (£1.834 million) – work is progressing on this scheme which is scheduled to complete in 2018-19
- P9c – Bedford Wharf – (£17.699 million) - this project is currently being reviewed and is likely to be moved back to the provisional programme
- PL9 – Crematorium rebuild (£500,000) – work is progressing on this scheme which is scheduled for completion in 2019-20
- Woodbridge Road Sports Ground (£1.384 million) – work is progressing on this scheme which is scheduled for completion in 2017-18

- 7.4 In addition to the schemes outlined above, the following significant amounts that were due to be spent on schemes or projects in 2017-18 will now be carried forward into 2018-19 or future years:
- PL9 – Crematorium rebuild (£3.292 million) – work is progressing with majority of spend expected in 2018-19.

Provisional programme (Appendix 5)

- 7.5 Expenditure on the provisional programme is expected to be £11.7 million, against the revised estimate of £54 million, representing a variance of £42.3 million. These projects are still at feasibility stage and will be subject to Executive approval of a business case before they are transferred to the approved capital programme. It is only once the business case is approved that the capital works can start. Monitoring progress of these projects is key to identifying project timescales. The significant projects are:

- ED48(p) - Westfield Road/Moorfield Road resurfacing (£3.152 million)
- ED32(p) - Clay Lane Link Road, £1.1 million is expected to be spent on phase 1 in 2017-18, the remaining £9.3 million cost of the scheme will be carried forward into future years

- 7.6 A number of projects, that were anticipated to start in 2017-18 have been re-profiled into future years including:

- ED18(p) - Guildford Museum (£2 million)
- ED16(p) - Slyfield Area Regeneration Project (£15.058 million)
- ED25(p) – Guildford Park new MSCP and infrastructure works (£11.645 million)
- PL16(p) – New burial ground acquisition and development (£2.458 million)
- PR7(p) – Town Centre transport infrastructure package (£4 million)

S106 (Appendix 6)

- 7.7 Capital schemes funded from s106 developer contributions is expected to total £534,000.

Reserves (Appendix 7)

- 7.8 Capital schemes funded from the Council's specific reserves. The outturn is anticipated to be £3.94 million. The main projects are:

- expenditure on car parks £1.94 million
- ICT renewals £854,000

Capital resources (Appendix 8)

- 7.9 When the Council approved the budget, the estimated underlying need to borrow for 2017-18 was £87.7 million. The current estimated underlying need to borrow is £52 million. The reduction is due to slippage in the programme where schemes are re-profiled into 2018-19.

Housing Investment Programme capital (Appendix 9)

- 7.10 The HRA approved capital programme is expected to outturn at £12.9 million against an estimate of £12.9 million.
- 7.11 The provisional programme's budget was £9.07 million with no expenditure anticipated this financial 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 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 outlines the initial outturn position for the 2017-18 financial year. There are no specific recommendations and therefore no options to consider.

14 Conclusion

- 13.1 The report summarises the financial monitoring position for the period April to June, with the overlay of key services for the period April to July for the 2017-18 financial year.
- 13.2 Officers are currently projecting a reduction in net expenditure of £560,823 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 2017-18 final accounts in June 2018.
- 13.4 A surplus on the Housing Revenue Account, due to lower staffing and repairs and maintenance costs will enable a transfer of £8.76 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 2017. Officers are making progress against significant capital projects on the approved programme as outlined in section 7. The Council expects to spend £58.1 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 £52 million by 31 March 2018. 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 June 2017, the Council had £144 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
Appendix 6: Schemes funded from S106
Appendix 7: Capital reserves
Appendix 8: Capital resources
Appendix 9: Housing Revenue Account capital programme

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Draft Actual GENERAL FUND SUMMARY 2016-17		Original Estimate 2017-18	Latest Estimate 2017-18	Projection 2017-18
£		£	£	£
Directorates - Net Expenditure				
6,393,211	Community Services	6,090,690	6,161,641	6,123,803
4,270,682	Corporate	3,902,760	3,995,150	4,018,941
(4,180,085)	Development	(1,768,150)	(1,145,000)	259,596
8,678,618	Environment	9,884,260	10,304,520	9,829,328
(15,020)	Managing Director	(380,890)	(325,610)	(14,855)
1,943,981	Resources	4,153,060	3,851,040	4,174,209
17,091,387	Total Directorate Level	21,881,730	22,841,741	24,391,022
(6,931,189)	Depreciation (contra to Service Unit Budgets)	(9,023,810)	(9,023,810)	(9,023,810)
10,160,198	Directorate Level excluding depreciation	12,857,920	13,817,931	15,367,212
(1,504,746)	External interest receivable (net)	(490,306)	(490,306)	(846,000)
335,723	Minimum Revenue Provision	1,228,584	1,228,584	700,000
(21,857)	Revenue income from sale of assets	0	0	0
Revenue Contributions to Capital Outlay (RCCO)				
639,279	Met from: Capital Schemes reserve	0	0	0
883,783	Other reserves	1,914,600	1,914,600	1,914,600
0	General Fund	0	0	0
10,492,380	Total before transfers to and from reserves	15,510,798	16,470,809	17,135,812
Transfers to and from reserves				
Capital Schemes reserve				
(639,279)	Funding of Revenue Contribution to Capital Outlay	0	0	0
400,213	Contribution in year	0	0	0
(378,219)	Budget Pressures reserve	(410,700)	(622,450)	(1,089,700)
(1,612,295)	Business Rates Equalisation reserve	346,160	346,160	306,543
537,307	Car Park Maintenance reserve	176,470	176,470	159,470
32,500	Election Costs reserve	32,500	32,500	32,500
20,336	Energy Management Schemes reserve	(32,420)	(32,420)	(32,420)
508,072	Housing Revenue Account	452,150	452,150	386,175
41,729	Insurance reserve	(770)	(770)	(770)
297,552	IT Renewals reserve	458,780	458,780	458,777
660,899	Invest to Save reserve	105,960	105,960	(161,051)
0	Local Authority Business Growth Incentive reserve	0	0	0
1,039,057	New Homes Bonus reserve	(301,900)	(301,900)	(1,222,281)
(33,615)	On Street Parking Reserve	(116,030)	(116,030)	(116,030)
69,569	Pensions Reserve (Statutory)	0	0	0
0	Recycling reserve	0	0	0
126,884	Spectrum reserve	177,950	177,950	177,950
(68,886)	Other reserves	(265,202)	(1,013,513)	(501,668)
11,494,204	Total after transfers to and from reserves	16,133,746	16,133,697	15,533,307
Business Rates Retention Scheme payments				
28,293,585	Business Rates tariff payment	30,213,400	30,213,400	30,213,400
	Business Rates levy payment	0	0	0
962,125	Business Rates - payment to pool re levy	652,892	652,892	723,732
Non specific government grants				
(547,876)	s31 grant re BRR scheme	(633,707)	(633,707)	(664,931)
(15,009)	s31 grant re council tax	0	0	0
(102,174)	Transition grant	(101,789)	(101,789)	(101,789)
(2,362,055)	New Homes Bonus grant	(2,063,274)	(2,063,274)	(2,063,274)
37,722,800	GUILDFORD BOROUGH COUNCIL NET BUDGET	44,201,268	44,201,219	43,640,445
1,469,802	Parish Council Precepts	1,576,106	1,576,106	1,576,106
39,192,602	TOTAL NET BUDGET	45,777,374	45,777,325	45,216,551
(33,119,866)	Business Rates - retained income	(35,250,674)	(35,250,674)	(35,250,674)
(1,096,749)	Revenue support grant	(319,407)	(319,407)	(319,407)
1,512,784	Collection Fund Deficit - Business Rates	654,015	654,015	654,015
(120,698)	Collection Fund Surplus - Council Tax	(120,602)	(120,602)	(120,602)
6,368,073	COUNCIL TAX REQUIREMENT	10,740,706	10,740,657	10,179,883

Projected underspend

(560,823)

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COMMUNITY SERVICES

	Revised Budget 2017-2018	Projected Outturn 2017-2018	Variance
SERVICE SUMMARY			
Direct Expenditure	10,539,386	10,779,210	239,824
Income	(6,378,300)	(6,661,732)	(283,432)
Total Directly Controllable (Income)/Expenditure	4,161,086	4,117,478	(43,608)
Indirect Expenditure	2,000,555	2,006,325	5,770
Net (Income)/Expenditure	6,161,641	6,123,803	(37,838)

BUILDING MAINTENANCE

Direct Expenditure	2,948,590	3,092,776	144,186	Reflects a variation in the level of work undertaken, this will be recharged to the Housing Revenue Account.
Income	(3,028,850)	(3,173,036)	(144,186)	See above.
Total Directly Controllable (Income)/Expenditure	(80,260)	(80,260)	0	
Indirect Expenditure	86,380	86,407	27	
Net (Income)/Expenditure	6,120	6,147	6	

GYPSY CARAVAN SITES

Direct Expenditure	117,810	103,206	(14,604)
Income	(197,610)	(194,515)	3,095
Total Directly Controllable (Income)/Expenditure	(79,800)	(91,309)	(11,509)
Indirect Expenditure	12,230	12,257	27
Net (Income)/Expenditure	(67,570)	(79,052)	(11,482)

CITIZENS ADVICE BUREAU

Direct Expenditure	283,420	283,420	0
Total Directly Controllable (Income)/Expenditure	283,420	283,420	0
Indirect Expenditure	1,190	1,196	6
Net (Income)/Expenditure	284,610	284,616	6

CIVIL EMERGENCIES

Direct Expenditure	62,360	62,260	(100)
Total Directly Controllable (Income)/Expenditure	62,360	62,260	(100)
Indirect Expenditure	3,350	3,359	9
Net (Income)/Expenditure	65,710	65,619	(91)

COMMUNITY SERVICES

Direct Expenditure	0	40,993	40,993	Expenditure incurred in 2017-18 will be funded from the Prevention Partnership reserve.
Total Directly Controllable (Income)/Expenditure	0	40,993	40,993	
Net (Income)/Expenditure	0	40,993	40,993	

DAY SERVICES

Direct Expenditure	621,980	599,319	(22,661)	Following a review by the Business Improvement team a saving of £50,000 was identified for 2017-18, as a consequence vacant posts will remain unfilled. However this saving needs to be adjusted to reflect job evaluation costs of £15,000 and an unmet vacancy credit of £10,000. As a result the saving is projected to be £22,000.
Income	(200,140)	(204,544)	(4,404)	Anticipated increase in refreshment sales £4,400.
Total Directly Controllable (Income)/Expenditure	421,840	394,775	(27,065)	
Indirect Expenditure	154,220	153,997	(223)	
Net (Income)/Expenditure	576,060	548,772	(27,288)	

EMERGENCY COMMUNICATIONS SYSTEM

Direct Expenditure	253,270	262,470	9,200	Vacancy credit will not be met £3,000. Due to a change in suppliers, the alarm contract has increased by £6,000 per annum - this was agreed after the estimates for 2017-18 were prepared.
Income	(368,870)	(379,484)	(10,614)	Anticipated increase in the number of clients using the careline system.
Total Directly Controllable (Income)/Expenditure	(115,600)	(117,014)	(1,414)	
Indirect Expenditure	56,050	56,068	18	
Net (Income)/Expenditure	(59,550)	(60,946)	(1,396)	

EMI SERVICES

Direct Expenditure	272,074	259,209	(12,865)	Vacant posts within the service will remain unfilled. This relates to the programme of staff savings agreed as part of the 2017-18 budget.
Income	(183,870)	(184,312)	(442)	
Total Directly Controllable (Income)/Expenditure	88,204	74,897	(13,307)	
Indirect Expenditure	19,056	19,032	(24)	
Net (Income)/Expenditure	107,260	93,929	(13,331)	

ENVIRONMENTAL CONTROL

Direct Expenditure	378,070	413,858	35,788	Vacancy credit will not be met - plus additional agency costs for admin staff £6,000. Tongham Air Quality costs £9,000 to be recovered from Planning services. £10,700 consultants costs for A331 planning appeal will be funded from reserves. Environmental protection consultants costs relating to the Crematorium £1,005 recovered in income. Tascomi invoice for £7,750 will be reallocated after discussions as this relates to 10 additional licences for the contact centre.
Income	(24,180)	(33,805)	(9,625)	
Total Directly Controllable (Income)/Expenditure	353,890	380,053	26,163	
Indirect Expenditure	63,770	63,797	27	
Net (Income)/Expenditure	417,660	443,850	26,190	

SURREY FAMILY SUPPORT PROGRAMME

Direct Expenditure	317,340	336,053	18,713	Additional expenditure will be funded from reserve.
Income	(240,000)	(179,142)	60,858	The profiling of grant support will be equalised by the use of the reserve
Total Directly Controllable (Income)/Expenditure	77,340	156,911	79,571	
Indirect Expenditure	55,900	55,903	3	
Net (Income)/Expenditure	133,240	212,814	79,574	

FOOD AND SAFETY SERVICES

Direct Expenditure	308,420	315,493	7,073	Vacancy credit will not be met, plus an increase in Tascomi software charges.
Income	0	(30)	(30)	
Total Directly Controllable (Income)/Expenditure	308,420	315,463	7,043	
Indirect Expenditure	82,450	82,450	0	
Net (Income)/Expenditure	390,870	397,913	7,043	

HEALTH AND SAFETY

Direct Expenditure	131,380	134,744	3,364	
Income	(147,690)	(147,890)	(200)	
Total Directly Controllable (Income)/Expenditure	(16,310)	(13,146)	3,164	
Indirect Expenditure	16,520	16,523	3	
Net (Income)/Expenditure	210	3,377	3,167	

HOUSING SURVEYING SERVICES

Direct Expenditure	719,400	711,820	(7,580)	
Income	(823,050)	(748,505)	74,545	Any under recovery of costs will be reallocated to services at year-end.
Total Directly Controllable (Income)/Expenditure	(103,650)	(36,685)	66,965	
Indirect Expenditure	97,950	97,968	18	
Net (Income)/Expenditure	(5,700)	61,283	66,983	

GRANTS TO VOLUNTARY ORGANISATIONS - HOUSING AND COMMUNITY

Direct Expenditure	505,960	506,495	535
Income	(62,000)	(58,000)	4,000
Total Directly Controllable (Income)/Expenditure	443,960	448,495	4,535
Indirect Expenditure	5,210	5,213	3
Net (Income)/Expenditure	449,170	453,708	4,538

HOME FARM ESTATE, EFFINGHAM

Direct Expenditure	40,420	28,469	(11,951)
Income	(12,040)	(12,040)	0
Total Directly Controllable (Income)/Expenditure	28,380	16,429	(11,951)
Indirect Expenditure	16,710	16,326	(384)
Net (Income)/Expenditure	45,090	32,755	(12,335)

HOMELESSNESS AND EMERGENCY ACCOMMODATION

Direct Expenditure	759,708	764,473	4,765	
Income	(9,000)	(332,591)	(323,591)	DCLG grant totalling £323,000 will be transferred to reserve at year-end.
Total Directly Controllable (Income)/Expenditure	750,708	431,882	(318,826)	
Indirect Expenditure	92,812	92,764	(48)	
Net (Income)/Expenditure	843,520	524,646	(318,874)	

HOUSING ADVICE

Direct Expenditure	300,000	300,000	0
Total Directly Controllable (Income)/Expenditure	300,000	300,000	0
Net (Income)/Expenditure	300,000	300,000	0

AFFORDABLE HOUSING DEVELOPMENT

Direct Expenditure	169,890	163,238	(6,652)
Total Directly Controllable (Income)/Expenditure	169,890	163,238	(6,652)
Indirect Expenditure	287,570	287,585	15
Net (Income)/Expenditure	457,460	450,823	(6,637)

LICENSING SERVICES

Direct Expenditure	186,150	193,755	7,605	
Income	(164,210)	(153,883)	10,327	Agreement to continue the use of agency staff £10,000 to assist with administration. Variation in the number of premises and club application licences issued.
Total Directly Controllable (Income)/Expenditure	21,940	39,872	17,932	
Indirect Expenditure	71,360	71,399	39	
Net (Income)/Expenditure	93,300	111,271	17,971	

COMMUNITY MEALS AND TPT

Direct Expenditure	771,960	778,460	6,500
Income	(276,190)	(276,292)	(102)
Total Directly Controllable (Income)/Expenditure	495,770	502,168	6,398
Indirect Expenditure	68,730	68,751	21
Net (Income)/Expenditure	564,500	570,919	6,419

HOUSING OUTSIDE THE HRA

Direct Expenditure	3,130	4,787	1,657
Income	(24,790)	(14,067)	10,723
Total Directly Controllable (Income)/Expenditure	(21,660)	(9,280)	12,380
Indirect Expenditure	47,840	54,100	6,260
Net (Income)/Expenditure	26,180	44,820	18,640

PEST CONTROL

Direct Expenditure	71,800	63,018	(8,782)	Changes to salary allocations offset by vacancy credit £4,000. Reduction in payment to contractor charges due to new contract implemented.
Income	(61,500)	(61,503)	(3)	
Total Directly Controllable (Income)/Expenditure	10,300	1,515	(8,785)	
Indirect Expenditure	9,690	9,693	3	
Net (Income)/Expenditure	19,990	11,208	(8,782)	

PRIVATE SECTOR HOUSING

Direct Expenditure	626,190	633,136	6,946	
Income	(290,130)	(254,679)	35,451	
Total Directly Controllable (Income)/Expenditure	336,060	378,457	42,397	Anticipated reduction in funding from SCC £68,270 which is 50% of the budget allocated for 2017-18. Offset by additional income from Gas Safe and client accounts.
Indirect Expenditure	630,350	630,371	21	
Net (Income)/Expenditure	966,410	1,008,828	42,418	

PROJECT ASPIRE

Direct Expenditure	0	24,237	24,237	This expenditure will be funded from reserve at year-end.
Total Directly Controllable (Income)/Expenditure	0	24,237	24,237	
Net (Income)/Expenditure	0	24,237	24,237	

PUBLIC HEALTH

Direct Expenditure	75,360	74,474	(886)
Total Directly Controllable (Income)/Expenditure	75,360	74,474	(886)
Indirect Expenditure	6,580	6,583	3
Net (Income)/Expenditure	81,940	81,057	(883)

COMMUNITY SAFETY WARDENS

Direct Expenditure	357,000	359,222	2,222
Income	0	(314)	(314)
Total Directly Controllable (Income)/Expenditure	357,000	358,908	1,908
Indirect Expenditure	40,210	40,222	12
Net (Income)/Expenditure	397,210	399,130	1,920

TAXI LICENSING AND PRIVATE HIRE VEHICLES

Direct Expenditure	187,224	185,692	(1,532)	The vacancy credit will not be fully achieved and additional agency staff costs of £6,000 have been incurred. The Taxi rank maintenance budget will not be fully spent due to road improvements, and it is proposed to carry forward this budget at year end.
Income	(175,320)	(169,270)	6,050	
Total Directly Controllable (Income)/Expenditure	11,904	16,422	4,518	
Indirect Expenditure	56,057	55,976	(81)	
Net (Income)/Expenditure	67,961	72,398	4,437	

WOKING ROAD DEPOT STORES

Direct Expenditure	70,480	84,133	13,653
Income	(88,860)	(83,830)	5,030
Total Directly Controllable (Income)/Expenditure	(18,380)	303	18,683
Indirect Expenditure	18,370	18,385	15
Net (Income)/Expenditure	(10)	18,688	18,698

Appendix 2

CORPORATE SERVICES

	Revised Budget	Projected Outturn	Variance
	2017-2018	2017-2018	
SERVICE SUMMARY			
Direct Expenditure	5,235,595	5,290,774	55,179
Income	(2,697,305)	(2,728,639)	(31,334)
Total Directly Controllable (Income)/Expenditure	2,538,290	2,562,135	23,845
Indirect Expenditure	1,456,860	1,456,806	(54)
Net (Income)/Expenditure	3,995,150	4,018,941	23,791

ACCESS GROUP FOR GUILDFORD

Direct Expenditure	1,900	2,114	214
Total Directly Controllable (Income)/Expenditure	1,900	2,114	214
Indirect Expenditure	2,340	2,340	0
Net (Income)/Expenditure	4,240	4,454	214

CIVIC EXPENSES

Direct Expenditure	188,210	198,149	9,939
Income	0	(117)	(117)
Total Directly Controllable (Income)/Expenditure	188,210	198,032	9,822
Indirect Expenditure	22,600	22,606	6
Net (Income)/Expenditure	210,810	220,638	9,828

Projected increase in promotional costs arising from twinning opportunities of £10,000.

COMMUNITY DEVELOPMENT

Direct Expenditure	286,160	275,747	(10,413)
Income	(15,000)	(15,000)	0
Total Directly Controllable (Income)/Expenditure	271,160	260,747	(10,413)
Indirect Expenditure	41,340	41,184	(156)
Net (Income)/Expenditure	312,500	301,931	(10,569)

COUNCIL AND COMMITTEE SUPPORT

Direct Expenditure	260,460	252,484	(7,976)
Income	(36,550)	(36,675)	(125)
Total Directly Controllable (Income)/Expenditure	223,910	215,809	(8,101)
Indirect Expenditure	248,860	248,860	0
Net (Income)/Expenditure	472,770	464,669	(8,101)

CORPORATE SERVICES

Direct Expenditure	662,650	684,324	21,674
Income	(118,240)	(118,238)	2
Total Directly Controllable (Income)/Expenditure	544,410	566,086	21,676
Indirect Expenditure	370,550	370,493	(57)
Net (Income)/Expenditure	914,960	936,579	21,619

Advertising staff vacancies, relocation costs and staff training are anticipated to be £12,500 higher than budget. Debit & Credit card charges are currently estimated at £5,640 above budget which reflect a channel shift in payment method. Consultants advice currently £10,300.

COMMITTEE SERVICES

Direct Expenditure	182,950	178,871	(4,079)
Income	(225,820)	(225,820)	0
Total Directly Controllable (Income)/Expenditure	(42,870)	(46,949)	(4,079)
Indirect Expenditure	41,690	41,708	18
Net (Income)/Expenditure	(1,180)	(5,241)	(4,061)

DEMOCRATIC REPRESENTATION AND MANAGEMENT

Direct Expenditure	714,610	693,288	(21,322)	Vacant posts within the service will remain unfilled totalling £35,500, this relates to the programme of staff savings agreed as part of the 2017-18 budget. Increase in Councillors Allowances £5,000, offset by a reduction in costs associated with advertising and accreditation assessments.
Income	(108,470)	(108,430)	40	
Total Directly Controllable (Income)/Expenditure	606,140	584,858	(21,282)	
Indirect Expenditure	334,870	334,912	42	
Net (Income)/Expenditure	941,010	919,770	(21,240)	

ELECTIONS

Direct Expenditure	85,290	89,907	4,617	Overtime payments for 2016-17 as per late agreement £2,800, plus £1,600 for service savings.
Total Directly Controllable (Income)/Expenditure	85,290	89,907	4,617	
Indirect Expenditure	17,820	17,826	6	
Net (Income)/Expenditure	103,110	107,733	4,623	

ELECTORAL REGISTRATION

Direct Expenditure	318,730	253,549	(65,181)	Anticipated reduction in the costs surrounding Individual Electoral Registration (IER)
Income	(3,000)	(30,000)	(27,000)	Additional IER grant income - to be added to carry forward for 2018-19.
Total Directly Controllable (Income)/Expenditure	315,730	223,549	(92,181)	
Indirect Expenditure	41,840	41,843	3	
Net (Income)/Expenditure	357,570	265,392	(92,178)	

LEGAL SERVICES

Direct Expenditure	1,086,915	1,115,693	28,778	A service review is currently pending. Service costs funded from reserves total £40,800. Vacant posts currently total £36,080, offset by the full vacancy credit £25,170.
Income	(1,205,715)	(1,211,040)	(5,325)	
Total Directly Controllable (Income)/Expenditure	(118,800)	(95,347)	23,453	
Indirect Expenditure	139,080	139,104	24	
Net (Income)/Expenditure	20,280	43,757	23,477	

HR SERVICES

Direct Expenditure	425,830	414,135	(11,695)
Income	(563,850)	(563,850)	0
Total Directly Controllable (Income)/Expenditure	(138,020)	(149,715)	(11,695)
Indirect Expenditure	89,790	89,796	6
Net (Income)/Expenditure	(48,230)	(59,919)	(11,689)

INFORMATION RIGHTS OFFICER

Direct Expenditure	62,650	63,061	411
Income	(69,280)	(69,306)	(26)
Total Directly Controllable (Income)/Expenditure	(6,630)	(6,245)	385
Indirect Expenditure	4,810	4,810	0
Net (Income)/Expenditure	(1,820)	(1,435)	385

OTHER EMPLOYEE COSTS

Direct Expenditure	370,680	400,006	29,326	The salary sacrifice and car parking savings are held centrally, the actual savings will appear on the individual service accounts.
Income	(283,430)	(283,707)	(277)	
Total Directly Controllable (Income)/Expenditure	87,250	116,299	29,049	
Indirect Expenditure	11,830	11,842	12	
Net (Income)/Expenditure	99,080	128,141	29,061	

PARISH AND LOCAL LIAISON

Direct Expenditure	205,820	205,021	(799)
Total Directly Controllable (Income)/Expenditure	205,820	205,021	(799)
Indirect Expenditure	7,250	7,259	9
Net (Income)/Expenditure	213,070	212,280	(790)

PROCUREMENT

Direct Expenditure	89,200	124,138	34,938	Additional consultant support funded from reserve.
Income	(61,450)	(61,456)	(6)	
Total Directly Controllable (Income)/Expenditure	27,750	62,682	34,932	
Indirect Expenditure	14,920	14,923	3	
Net (Income)/Expenditure	42,670	77,605	34,935	

PUBLIC RELATIONS AND MARKETING

Direct Expenditure	288,690	336,145	47,455	The previous assumption that two temporary posts could be removed is no longer considered the case. This has resulted in higher than budget expenditure of £45,310. Advertising income from About Guildford is anticipated to reduce by £1,500.
Income	(6,500)	(5,000)	1,500	
Total Directly Controllable (Income)/Expenditure	282,190	331,145	48,955	
Indirect Expenditure	62,080	62,101	21	
Net (Income)/Expenditure	344,270	393,246	48,976	

GUILDFORD YOUTH COUNCIL

Direct Expenditure	4,850	4,142	(708)
Total Directly Controllable (Income)/Expenditure	4,850	4,142	(708)
Indirect Expenditure	5,190	5,199	9
Net (Income)/Expenditure	10,040	9,341	(699)

DEVELOPMENT

Revised Budget Projected Outturn Variance
 2017-2018 2017-2018

SERVICE SUMMARY			
Direct Expenditure	8,465,059	8,850,253	385,194
Income	(13,679,390)	(12,763,365)	916,025
Total Directly Controllable (Income)/Expenditure	(5,214,331)	(3,913,112)	1,301,219
Indirect Expenditure	4,069,342	4,172,708	103,366
Net (Income)/Expenditure	(1,144,989)	259,596	1,404,585

BUILDING CONTROL SUMMARY

Direct Expenditure	774,260	713,095	(61,165)	There are salary savings due to vacancies which are expected to be filled in September and October. Agency staff and consultants are being used in the interim. One post, the trainee building surveyor, will be covered by an apprentice and therefore funded centrally, producing a saving of £39,000 in the Building Control budget.
Income	(504,010)	(437,942)	66,068	
Total Directly Controllable (Income)/Expenditure	270,250	275,153	4,903	
Indirect Expenditure	138,780	138,813	33	
Net (Income)/Expenditure	409,030	413,966	4,936	

BUSINESS FORUM

Direct Expenditure	52,290	52,312	22
Total Directly Controllable (Income)/Expenditure	52,290	52,312	22
Indirect Expenditure	920	923	3
Net (Income)/Expenditure	53,210	53,235	25

DEVELOPMENT CONTROL

Direct Expenditure	1,832,890	2,470,442	637,552	It is assumed that the recruitment of a temporary enforcement officer will be deferred. The additional expenditure could be covered from vacancies in other Planning services. Planning appeal expenses are predicted to be £656,000 over budget broken down as follows: Howard of Effingham £98,000, Guildford Station £138,000 and Wisley Airfield £344,000 (an increase of £200,000 from period 2 due to extended hearing). This expenditure will be funded from the budget pressures reserve. £75,000 has also been earmarked for direct action in relation to Longacre, Outdowns, Effingham to be funded either from a virement or the budget pressures reserve if necessary.
Income	(1,388,540)	(1,402,799)	(14,259)	
Total Directly Controllable (Income)/Expenditure	444,350	1,067,643	623,293	
Indirect Expenditure	586,520	588,850	2,330	
Net (Income)/Expenditure	1,030,870	1,656,493	625,623	

INDUSTRIAL ESTATES

Direct Expenditure	299,164	308,662	9,498	
Income	(3,211,870)	(3,325,107)	(113,237)	Rental income is greater than anticipated due to rent reviews at Slyfield and Midleton.
Total Directly Controllable (Income)/Expenditure	(2,912,706)	(3,016,445)	(103,739)	
Indirect Expenditure	310,656	322,001	11,345	
Net (Income)/Expenditure	(2,602,050)	(2,694,444)	(92,394)	

INVESTMENT PROPERTY

Direct Expenditure	175,500	193,750	18,250
Income	(5,681,260)	(5,698,083)	(16,823)
Total Directly Controllable (Income)/Expenditure	(5,505,760)	(5,504,333)	1,427
Indirect Expenditure	282,500	303,489	20,989
Net (Income)/Expenditure	(5,223,260)	(5,200,844)	22,416

LOCAL LAND CHARGES

Direct Expenditure	234,700	231,741	(2,959)
Income	(294,160)	(276,497)	17,663
Total Directly Controllable (Income)/Expenditure	(59,460)	(44,756)	14,704
Indirect Expenditure	35,620	35,653	33
Net (Income)/Expenditure	(23,840)	(9,103)	14,737

MAJOR PROJECTS

Direct Expenditure	1,625,380	1,717,169	91,789	Employee related costs are expected to be £53,700 over the revenue budget which takes into account a capital allocation of £298,500. This will be revised at each monitoring period as the individual projects move from revenue to capital. Town Centre Parking Strategy expenditure of £17,000 will be met from the Car Parks Maintenance Reserve and an additional £24,000 for the Street Scape Design project will also be met from the budget pressures reserve.
Income	(1,020,380)	0	1,020,380	Currently we are assuming that the One Public Estate grant totalling £100,000 will not be received and rental income from Bedford Wharf of £920,000 (Odeon Cinema and Old Orleans) will also not now be received. However we are assuming that the feasibility budget around the redevelopment of Bedford Wharf totalling £400,000 will be committed.
Total Directly Controllable (Income)/Expenditure	605,000	1,717,169	1,112,169	
Indirect Expenditure	1,396,520	1,396,550	30	
Net (Income)/Expenditure	2,001,520	3,113,719	1,112,199	

OTHER PROPERTY

Direct Expenditure	94,670	82,136	(12,534)	
Income	(212,070)	(196,951)	15,119	Rental income from New House is less than anticipated as the current tenants are expected to vacate shortly. The property is currently being marketed.
Total Directly Controllable (Income)/Expenditure	(117,400)	(114,815)	2,585	
Indirect Expenditure	109,970	116,094	6,124	
Net (Income)/Expenditure	(7,430)	1,279	8,709	

POLICY

Direct Expenditure	1,184,925	1,083,263	(68,610)	There will be salary savings of £105,500 due to vacant posts. Transport consultancy will be over budget by £63,600 and is covered by the salary saving. £15,000 of the CIL budget of £58,930 which was carried forward will now be spent in 2017-18 despite time pressures and delays in the Local Plan. It is assumed that carry forward for the Self Build and Brownfield grant will be underspent by £14,600.
Income	(4,050)	(63,855)	(59,968)	Neighbourhood Plan grants are anticipated to be £60,000 in this financial year as Effingham and the Horsleys reach the adoption stage.
Total Directly Controllable (Income)/Expenditure	1,180,875	1,019,408	(128,578)	
Indirect Expenditure	226,056	225,812	(336)	
Net (Income)/Expenditure	1,406,931	1,245,220	(128,914)	

ASSET DEVELOPMENT

Direct Expenditure	1,135,340	1,013,828	(121,512)	There are salary savings due to vacancies which will be covered in part by agency staff.
Income	(1,076,800)	(1,076,392)	408	
Total Directly Controllable (Income)/Expenditure	58,540	(62,564)	(121,104)	
Indirect Expenditure	325,460	389,171	63,711	
Net (Income)/Expenditure	384,000	326,607	(57,393)	

SLYFIELD AREA REGENERATION PROJECT (SARP)

Direct Expenditure	54,820	42,278	(12,542)	
Total Directly Controllable (Income)/Expenditure	54,820	42,278	(12,542)	
Indirect Expenditure	526,950	526,959	9	
Net (Income)/Expenditure	581,770	569,237	(12,533)	

TOURIST INFORMATION CENTRE

Direct Expenditure	230,920	252,409	21,489	Higher than budgeted salary costs.
Income	(53,200)	(49,343)	3,857	
Total Directly Controllable (Income)/Expenditure	177,720	203,066	25,346	
Indirect Expenditure	30,830	30,839	9	
Net (Income)/Expenditure	208,550	233,905	25,355	

BUSINESS AND TOURISM

Direct Expenditure	649,720	578,975	(70,745)	The service retains the apprenticeship budget of £128,200 with actual salary costs allocated directly to individual services and the budget will therefore remain as a saving against the service. We do not anticipate the carry forward of £68,200 being required in this financial year. A sponsorship consultant will be engaged whose estimated cost will be £28,300. The Science and Arts Festival will be over budget by £10,000 which will be met from the corporate inflation budget and tourism marketing will be over budget by £29,000.
Income	(151,500)	(178,778)	(27,278)	Anticipated income generated by the sponsorship officer is £33,300. Sponsorship income from the Science and Arts Festival will be £5,000. It is estimated at the moment that income generated from the website will be £20,000 which will not meet the budget of £30,000.
Total Directly Controllable (Income)/Expenditure	498,220	400,197	(98,023)	
Indirect Expenditure	78,930	77,918	(1,012)	
Net (Income)/Expenditure	577,150	478,115	(99,035)	

TOWN CENTRE MANAGEMENT

Direct Expenditure	120,480	110,193	(10,287)	
Income	(81,550)	(57,618)	23,932	Income from the profit share of town centre wifi will not be achieved in full due to delays in the procurement process.
Total Directly Controllable (Income)/Expenditure	38,930	52,575	13,645	
Indirect Expenditure	19,630	19,636	6	
Net (Income)/Expenditure	58,560	72,211	13,651	

Appendix 2

ENVIRONMENT	Revised Budget	Projected Outturn	Variance
	2017-2018	2017-2018	
SERVICE SUMMARY			
Direct Expenditure	27,645,723	27,416,733	(228,990)
Income	(25,775,540)	(26,027,447)	(251,907)
Total Directly Controllable (Income)/Expenditure	1,870,183	1,389,286	(480,897)
Indirect Expenditure	8,434,324	8,440,042	5,718
Net (Income)/Expenditure	10,304,507	9,829,328	(475,179)
ABANDONED VEHICLES			
Direct Expenditure	32,860	35,165	2,305
Income	0	(177)	(177)
Total Directly Controllable (Income)/Expenditure	32,860	34,988	2,128
Indirect Expenditure	5,300	5,303	3
Net (Income)/Expenditure	38,160	40,291	2,131
ARMED FORCES DAY			
Direct Expenditure	0	(836)	(836)
Total Directly Controllable (Income)/Expenditure	0	(836)	(836)
Net (Income)/Expenditure	0	(836)	(836)
CCTV SYSTEMS			
Direct Expenditure	80,430	82,311	1,881
Total Directly Controllable (Income)/Expenditure	80,430	82,311	1,881
Indirect Expenditure	22,510	25,827	3,317
Net (Income)/Expenditure	102,940	108,138	5,198
CEMETERIES AND CLOSED CHURCHYARDS			
Direct Expenditure	355,630	301,888	(53,742)
Income	(112,450)	(109,168)	3,282
Total Directly Controllable (Income)/Expenditure	243,180	192,720	(50,460)
Indirect Expenditure	53,910	52,584	(1,326)
Net (Income)/Expenditure	297,090	245,304	(51,786)
<p>The refurbishment of the messroom and tool shed at The Mount Cemetery has been cancelled reducing projected expenditure on R&M Planned Works by £60,000.</p>			
CLINICAL WASTE			
Direct Expenditure	10,790	10,270	(520)
Total Directly Controllable (Income)/Expenditure	10,790	10,270	(520)
Indirect Expenditure	1,900	1,900	0
Net (Income)/Expenditure	12,690	12,170	(520)
CREMATORIUM			
Direct Expenditure	755,967	826,505	70,538
Income	(1,412,800)	(1,444,058)	(31,258)
Total Directly Controllable (Income)/Expenditure	(656,833)	(617,553)	39,280
Indirect Expenditure	331,560	332,126	566
Net (Income)/Expenditure	(325,273)	(285,427)	39,846
<p>There is an overspend on bought in services of £63,500 arising from continued use of Randalls Road crematorium while a new cremator is being installed. The cost of the CAMEO permit for this cremator is £4,800 higher than estimated.</p> <p>Whilst the outturn projection shows £31k surplus income this is unlikely to be the final position due to the loss of income from the disruption to service of installing a new temporary cremator. A more accurate income projection will be possible later in the year.</p>			

DOG CONTROL AND ANIMAL WELFARE

Direct Expenditure	39,648	35,365	(4,283)
Income	(6,000)	(5,139)	861
Total Directly Controllable (Income)/Expenditure	33,648	30,226	(3,422)
Indirect Expenditure	16,690	16,693	3
Net (Income)/Expenditure	50,338	46,919	(3,419)

ELECTRIC THEATRE

Direct Expenditure	347,710	164,730	(182,980)	Operational responsibility has transferred to ACM
Income	(335,180)	(75,769)	259,411	See above
Total Directly Controllable (Income)/Expenditure	12,530	88,961	76,431	
Indirect Expenditure	128,510	128,340	(170)	
Net (Income)/Expenditure	141,040	217,301	76,261	

FLEET MANAGEMENT SERVICE

Direct Expenditure	1,119,860	1,105,168	(14,692)
Income	(2,128,350)	(2,128,077)	273
Total Directly Controllable (Income)/Expenditure	(1,008,490)	(1,022,909)	(14,419)
Indirect Expenditure	988,860	988,917	57
Net (Income)/Expenditure	(19,630)	(33,992)	(14,362)

ENGINEERING AND TRANSPORT SERVICES

Direct Expenditure	366,800	368,342	1,542
Income	(428,430)	(433,572)	(5,142)
Total Directly Controllable (Income)/Expenditure	(61,630)	(65,230)	(3,600)
Indirect Expenditure	64,660	65,945	1,285
Net (Income)/Expenditure	3,030	715	(2,315)

GUILDFORD HOUSE

Direct Expenditure	428,510	388,105	(40,405)	There are savings in the Guildford House repairs and maintenance budget of £25,000 as projects move to the capital expenditure phase.
Income	(67,400)	(65,169)	2,231	
Total Directly Controllable (Income)/Expenditure	361,110	322,936	(38,174)	
Indirect Expenditure	96,560	97,497	937	
Net (Income)/Expenditure	457,670	420,433	(37,237)	

GUILDHALL

Direct Expenditure	246,270	197,283	(48,987)	There are savings of £45,000 in the Guildhall repairs and maintenance budget as external decorations will not be carried out in this financial year but roof repairs will.
Income	(35,800)	(31,550)	4,250	
Total Directly Controllable (Income)/Expenditure	210,470	165,733	(44,737)	
Indirect Expenditure	52,010	45,787	(6,223)	
Net (Income)/Expenditure	262,480	211,520	(50,960)	

LAND DRAINAGE

Direct Expenditure	155,490	142,966	(12,524)
Total Directly Controllable (Income)/Expenditure	155,490	142,966	(12,524)
Indirect Expenditure	308,200	304,638	(3,562)
Net (Income)/Expenditure	463,690	447,604	(16,086)

LEISURE ART DEVELOPMENT

Direct Expenditure	81,150	80,286	(864)
Income	(550)	(952)	(402)
Total Directly Controllable (Income)/Expenditure	80,600	79,334	(1,266)
Indirect Expenditure	16,620	16,632	12
Net (Income)/Expenditure	97,220	95,966	(1,254)

LEISURE COMMUNITY CENTRES

Direct Expenditure	93,180	99,520	6,340
Income	(1,410)	(1,185)	225
Total Directly Controllable (Income)/Expenditure	91,770	98,335	6,565
Indirect Expenditure	82,050	81,993	(57)
Net (Income)/Expenditure	173,820	180,328	6,508

LEISURE G LIVE

Direct Expenditure	408,080	400,635	(7,445)
Income	(36,770)	(36,770)	0
Total Directly Controllable (Income)/Expenditure	371,310	363,865	(7,445)
Indirect Expenditure	893,360	884,072	(9,288)
Net (Income)/Expenditure	1,264,670	1,247,937	(16,733)

LEISURE GRANTS

Direct Expenditure	436,160	435,976	(184)
Total Directly Controllable (Income)/Expenditure	436,160	435,976	(184)
Indirect Expenditure	8,230	8,242	12
Net (Income)/Expenditure	444,390	444,218	(172)

LEISURE MANAGEMENT CONTRACT

Direct Expenditure	1,350,460	1,322,146	(28,314)
Income	(1,531,260)	(1,530,650)	610
Total Directly Controllable (Income)/Expenditure	(180,800)	(208,504)	(27,704)
Indirect Expenditure	1,629,900	1,630,065	165
Net (Income)/Expenditure	1,449,100	1,421,561	(27,539)

LEISURE PLAY DEVELOPMENT

Direct Expenditure	199,340	204,629	5,289	Small overspend of £4k arises from Play Development being fully staffed with some overtime working.
Income	(33,500)	(45,590)	(12,090)	Fee income, particularly for holiday play is £12k above budget.
Total Directly Controllable (Income)/Expenditure	165,840	159,039	(6,801)	
Indirect Expenditure	20,280	20,286	6	
Net (Income)/Expenditure	186,120	179,325	(6,795)	

LEISURE RANGERS

Direct Expenditure	208,020	206,711	(1,309)
Total Directly Controllable (Income)/Expenditure	208,020	206,711	(1,309)
Indirect Expenditure	10,220	10,223	3
Net (Income)/Expenditure	218,240	216,934	(1,306)

LEISURE SPORT DEVELOPMENT

Direct Expenditure	80,210	78,482	(1,728)
Income	(5,000)	(5,785)	(785)
Total Directly Controllable (Income)/Expenditure	75,210	72,697	(2,513)
Indirect Expenditure	12,280	12,295	15
Net (Income)/Expenditure	87,490	84,992	(2,498)

MARKETS

Direct Expenditure	62,550	61,090	(1,460)
Income	(175,630)	(171,916)	3,714
Total Directly Controllable (Income)/Expenditure	(113,080)	(110,826)	2,254
Indirect Expenditure	7,720	7,723	3
Net (Income)/Expenditure	(105,360)	(103,103)	2,257

MOT BAY

Direct Expenditure	128,300	139,627	11,327
Income	(166,500)	(166,205)	295
Total Directly Controllable (Income)/Expenditure	(38,200)	(26,578)	11,622
Indirect Expenditure	23,690	23,696	6
Net (Income)/Expenditure	(14,510)	(2,882)	11,628

GUILDFORD MUSEUM

Direct Expenditure	484,960	502,104	17,144	Repair and maintenance works
Income	(106,680)	(106,382)	298	
Total Directly Controllable (Income)/Expenditure	378,280	395,722	17,442	
Indirect Expenditure	225,120	241,504	16,384	Asset development charges relating to repair and maintenance works
Net (Income)/Expenditure	603,400	637,226	33,826	

OFF STREET PARKING

Direct Expenditure	3,795,180	3,691,622	(103,558)	Redecoration provision of £135,000 has been removed from the projected outturn due to a lack of resources to manage the project at Leapale Road MSCP.
Income	(10,095,910)	(10,153,242)	(57,332)	Meter and contract/season ticket charges income is £56,000 higher than budget. The projection also includes the ongoing effects of parking suspension income from the redevelopment of the Tunsgate centre until the end of October 2017 - £112,700.
Total Directly Controllable (Income)/Expenditure	(6,300,730)	(6,461,620)	(160,890)	
Indirect Expenditure	1,197,880	1,175,401	(22,479)	
Net (Income)/Expenditure	(5,102,850)	(5,102,850)	(183,369)	

ON STREET PARKING

Direct Expenditure	1,185,620	1,211,709	26,089
Income	(1,939,400)	(1,991,724)	(52,324)
Total Directly Controllable (Income)/Expenditure	(753,780)	(780,015)	(26,235)
Indirect Expenditure	81,850	81,853	3
Net (Income)/Expenditure	(671,930)	(698,162)	(26,232)

ORDNANCE SURVEY AND MAPPING SERVICES

Direct Expenditure	3,430	3,355	(75)
Total Directly Controllable (Income)/Expenditure	3,430	3,355	(75)
Indirect Expenditure	10,980	10,042	(938)
Net (Income)/Expenditure	14,410	13,397	(1,013)

PARKS AND COUNTRYSIDE

Direct Expenditure	4,171,270	4,322,321	151,051
Income	(1,409,480)	(1,806,170)	(396,690)
Total Directly Controllable (Income)/Expenditure	2,761,790	2,516,151	(245,639)
Indirect Expenditure	673,104	692,485	19,381
Net (Income)/Expenditure	3,434,894	3,208,636	(226,258)

The forecast underspend of (£28k) on Employees is due to current vacancies , particularly the Parks Operational Supervisor and the deletion of 2 groundsman/gardener posts to fund the external maintenance contract at Woodbridge Road. Overall planned maintenance costs are likely to be lower than expected by (£18k). This is offset by additional site costs arising from Traveller activity of £25k. The new external maintenance contract at Woodbridge Road exceeds budget by £53k, offset by savings on Employees. A budgeted saving of £100k arising from the transfer of Woodbridge Road to a trust is now deferred until 2018/19.

SPA Fees for the future development and maintenance of green spaces are projected to exceed budget by (£369k). The element of these fees used in the current year to fund revenue spending will be retained in the Parks budget, with the remainder being carried forward to future years.

PARK AND RIDE SERVICES

Direct Expenditure	789,210	793,011	3,801
Income	(25,000)	(23,935)	1,065
Total Directly Controllable (Income)/Expenditure	764,210	769,076	4,866
Indirect Expenditure	97,750	96,863	(887)
Net (Income)/Expenditure	861,960	865,939	3,979

PUBLIC CONVENIENCES

Direct Expenditure	292,210	254,546	(37,664)
Income	(11,800)	(11,803)	(3)
Total Directly Controllable (Income)/Expenditure	280,410	242,743	(37,667)
Indirect Expenditure	78,450	75,538	(2,912)
Net (Income)/Expenditure	358,860	318,281	(40,579)

Assessment of planned works

REFUSE AND RECYCLING

Direct Expenditure	6,276,054	6,323,467	47,413
Income	(3,864,400)	(3,880,043)	(15,643)
Total Directly Controllable (Income)/Expenditure	2,411,654	2,443,424	31,770
Indirect Expenditure	776,710	776,803	93
Net (Income)/Expenditure	3,188,364	3,220,227	31,863

Overspend of £93k on Employee costs arises from £86k for effects of job evaluation for Operatives, offset by vacancies and higher than anticipated usage of Agency staff (£14k). Effects of job evaluation to be met from reserves at year end. There is also a forecast underspend of £55k on Recycling - Gate Fees, although this may change due to the volatility of the charges.

Income forecast for Recycling credits and Garden Waste is £135k above budget. This is offset by a proposed one off return of credits to SCC of £110k to assist with budget reductions. If the outturn position on income is not sufficient to cover the £110k rebate to SCC, the shortfall will be met from reserves (this is not currently assumed)

RIVER CONTROL

Direct Expenditure	31,180	33,231	2,051
Total Directly Controllable (Income)/Expenditure	31,180	33,231	2,051
Indirect Expenditure	9,910	8,781	(1,129)
Net (Income)/Expenditure	41,090	42,012	922

ROADS AND FOOTPATHS MAINTENANCE

Direct Expenditure	41,210	39,863	(1,347)
Total Directly Controllable (Income)/Expenditure	41,210	39,863	(1,347)
Indirect Expenditure	60,840	64,371	3,531
Net (Income)/Expenditure	102,050	104,234	2,184

SNOW AND ICE PLAN HOLDING ACCOUNT

Direct Expenditure	42,910	40,726	(2,184)
Income	(44,920)	(44,920)	0
Total Directly Controllable (Income)/Expenditure	(2,010)	(4,194)	(2,184)
Indirect Expenditure	1,160	896	(264)
Net (Income)/Expenditure	(850)	(3,298)	(2,448)

STREET CLEANSING

Direct Expenditure	2,069,554	2,050,172	(19,382)
Income	(163,860)	(164,141)	(281)
Total Directly Controllable (Income)/Expenditure	1,905,694	1,886,031	(19,663)
Indirect Expenditure	141,120	141,144	24
Net (Income)/Expenditure	2,046,814	2,027,175	(19,639)

STREET FURNITURE

Direct Expenditure	57,600	60,508	2,908
Total Directly Controllable (Income)/Expenditure	57,600	60,508	2,908
Indirect Expenditure	8,340	10,818	2,478
Net (Income)/Expenditure	65,940	71,326	5,386

TRANSPORTATION

Direct Expenditure	13,520	13,163	(357)
Total Directly Controllable (Income)/Expenditure	13,520	13,163	(357)
Indirect Expenditure	6,020	7,181	1,161
Net (Income)/Expenditure	19,540	20,344	804

VEHICLE MAINTENANCE WORKSHOP

Direct Expenditure	807,030	760,088	(46,942)
Income	(864,670)	(821,384)	43,286
Total Directly Controllable (Income)/Expenditure	(57,640)	(61,296)	(3,656)
Indirect Expenditure	49,620	49,635	15
Net (Income)/Expenditure	(8,020)	(11,661)	(3,641)

WOKING ROAD DEPOT

Direct Expenditure	426,310	446,150	19,840	Higher than planned maintenance costs
Income	(540,820)	(540,380)	440	
Total Directly Controllable (Income)/Expenditure	(114,510)	(94,230)	20,280	
Indirect Expenditure	182,600	188,084	5,484	
Net (Income)/Expenditure	68,090	93,854	25,764	

RECYCLING, CLEANSING AND PARKING SERVICES OVERHEAD ACCOUNT

Direct Expenditure	171,060	184,333	13,273	Includes redundancy costs resulting from service review totalling £51,000. The cost will be funded from the invest to save reserve and will have a payback period of less than 12months.
Income	(231,570)	(231,591)	(21)	
Total Directly Controllable (Income)/Expenditure	(60,510)	(47,258)	13,252	
Indirect Expenditure	57,850	57,859	9	
Net (Income)/Expenditure	(2,660)	10,601	13,261	

MANAGING DIRECTOR

Revised Budget
2017-2018

Projected Outturn
2017-2018

Variance

Appendix 2

	Revised Budget 2017-2018	Projected Outturn 2017-2018	Variance
SERVICE SUMMARY			
Direct Expenditure	274,000	584,731	310,731
Income	(674,860)	(674,860)	0
Total Directly Controllable (Income)/Expenditure	(400,860)	(90,129)	310,731
Indirect Expenditure	75,250	75,274	24
Net (Income)/Expenditure	(325,610)	(14,855)	310,755

INTERNAL AUDIT

Direct Expenditure	422,940	342,231	(80,709)	Salary savings due to the late implementation of the service review, offset by vacancy savings. It is assumed that a carry forward totalling £55,730 from 2016-17 will be required during 2017-18.
Income	(406,100)	(406,100)	0	
Total Directly Controllable (Income)/Expenditure	16,840	(63,869)	(80,709)	
Indirect Expenditure	46,040	46,049	9	
Net (Income)/Expenditure	62,880	(17,820)	(80,700)	

BUSINESS IMPROVEMENT

Direct Expenditure	(148,940)	242,500	391,440	Assumed salary staffings arising from Council wide service transformation and reviews are held under business improvement.
Income	(268,760)	(268,760)	0	
Total Directly Controllable (Income)/Expenditure	(417,700)	(26,260)	391,440	
Indirect Expenditure	29,210	29,225	15	
Net (Income)/Expenditure	(388,490)	2,965	391,455	

RESOURCES DIRECTORATE

Revised Budget Projected Outturn Variance
 2017-2018 2017-2018

Appendix 2

SERVICE SUMMARY	Revised Budget 2017-2018	Projected Outturn 2017-2018	Variance
Direct Expenditure	45,142,180	41,678,657	(3,463,523)
Income	(43,497,310)	(39,719,168)	3,778,142
Total Directly Controllable (Income)/Expenditure	1,644,870	1,959,489	314,619
Indirect Expenditure	2,206,176	2,214,720	8,544
Net (Income)/Expenditure	3,851,046	4,174,209	323,163

ACCOUNTANCY

Direct Expenditure	789,280	849,137	59,857	Redundancy costs totalling £59,000 resulting from a service restructure, which will be funded from the invest to save reserve. It is planned to earmark an element of the saving to provide specific project support. The residual saving provides a payback period of approximately 2 1/2 years. One-off agency costs totalling £27,000 have been incurred to provide short term cover, facilitating the restructure.
Income	(904,280)	(904,370)	(90)	
Total Directly Controllable (Income)/Expenditure	(115,000)	(55,233)	59,767	
Indirect Expenditure	141,020	141,038	18	
Net (Income)/Expenditure	26,020	85,805	59,785	

BUSINESS RATES

Direct Expenditure	201,640	200,013	(1,627)
Income	(269,210)	(269,233)	(23)
Total Directly Controllable (Income)/Expenditure	(67,570)	(69,220)	(1,650)
Indirect Expenditure	48,150	48,180	30
Net (Income)/Expenditure	(19,420)	(21,040)	(1,620)

ICT BUSINESS SERVICES TEAM

Direct Expenditure	689,420	627,430	(61,990)	Salary saving resulting from a number of vacancies. It is currently projected that the growth bid for the CRM system of £50,000 will be progressed in this financial year.
Income	(793,790)	(793,868)	(78)	
Total Directly Controllable (Income)/Expenditure	(104,370)	(166,438)	(62,068)	
Indirect Expenditure	117,760	117,793	33	
Net (Income)/Expenditure	13,390	(48,645)	(62,035)	

CLIMATE CHANGE

Direct Expenditure	377,280	316,699	(60,581)	Salary savings resulting from a number of vacant posts.
Income	(360,180)	(372,390)	(12,210)	
Total Directly Controllable (Income)/Expenditure	17,100	(55,691)	(72,791)	
Indirect Expenditure	55,620	55,641	21	
Net (Income)/Expenditure	72,720	(50)	(72,770)	

CORPORATE FINANCIAL

Direct Expenditure	162,250	160,890	(1,360)
Income	(160,590)	(160,590)	0
Total Directly Controllable (Income)/Expenditure	1,660	300	(1,360)
Indirect Expenditure	256,830	256,875	45
Net (Income)/Expenditure	258,490	257,175	(1,315)

COUNCIL TAX

Direct Expenditure	710,230	650,530	(59,700)	Salary savings resulting from vacancies, pending the outcome of a service restructure.
Income	(300,000)	(300,000)	0	
Total Directly Controllable (Income)/Expenditure	410,230	350,530	(59,700)	
Indirect Expenditure	172,360	172,387	27	
Net (Income)/Expenditure	582,590	522,917	(59,673)	

ICT CUSTOMER TECHNICAL SUPPORT

Direct Expenditure	968,080	1,100,173	132,093	Salary savings resulting from vacancies will fund temporary agency staff. Following a staff restructure £108,000 of redundancy costs will be funded from the invest to save reserve. Computer maintenance and licence cost are projected to be £22,500 higher than budget. The data centre budget of £135,000 will be required in this financial year.
Income	(1,057,360)	(1,057,465)	(105)	
Total Directly Controllable (Income)/Expenditure	(89,280)	42,708	131,988	
Indirect Expenditure	86,110	86,125	15	
Net (Income)/Expenditure	(3,170)	128,833	132,003	

FEASIBILITY STUDIES

Direct Expenditure	42,000	31,500	(10,500)	
Total Directly Controllable (Income)/Expenditure	42,000	31,500	(10,500)	
Indirect Expenditure	200	200	0	
Net (Income)/Expenditure	42,200	31,700	(10,500)	

DEBTORS

Direct Expenditure	155,850	161,599	5,749	
Income	(203,250)	(203,268)	(18)	
Total Directly Controllable (Income)/Expenditure	(47,400)	(41,669)	5,731	
Indirect Expenditure	49,160	49,163	3	
Net (Income)/Expenditure	1,760	7,494	5,734	

HOUSING BENEFITS

Direct Expenditure	34,995,090	31,162,760	(3,832,330)	
Income	(34,854,980)	(31,022,650)	3,832,330	
Total Directly Controllable (Income)/Expenditure	140,110	140,110	0	
Indirect Expenditure	208,080	207,801	(279)	
Net (Income)/Expenditure	348,190	347,911	(279)	

INFORMATION SYSTEMS TEAM

Direct Expenditure	345,810	326,609	(19,201)	There are salary savings following a delay in the recruitment of the Data Protection Officer (2017-18 growth bid)
Income	(324,790)	(323,999)	791	
Total Directly Controllable (Income)/Expenditure	21,020	2,610	(18,410)	
Indirect Expenditure	49,190	49,201	11	
Net (Income)/Expenditure	70,210	51,811	(18,399)	

INSURANCE REVENUE ACCOUNT

Direct Expenditure	1,001,860	1,003,843	1,983	
Income	(1,005,860)	(1,037,713)	(31,853)	
Total Directly Controllable (Income)/Expenditure	(4,000)	(33,870)	(29,870)	
Indirect Expenditure	4,770	4,773	3	
Net (Income)/Expenditure	770	(29,097)	(29,867)	

IT RENEWALS REVENUE ACCOUNT

Income	(602,150)	(602,150)	0
Total Directly Controllable (Income)/Expenditure	(602,150)	(602,150)	0
Indirect Expenditure	343,070	343,082	12
Net (Income)/Expenditure	(259,080)	(259,068)	12

MISCELLANEOUS ITEMS

Direct Expenditure	7,660	148,470	140,810	For budgeting purposes assumptions regarding slippage in revenue growth bids are held under miscellaneous items. In addition, a corporate inflation budget to support service pressures and the implications of other corporate proposals are shown here.
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Income	428,390	(13,822)	(442,212)	Movement in the assumed position regarding external grant support.
Total Directly Controllable (Income)/Expenditure	436,050	134,648	(301,402)	
Indirect Expenditure	350	350	0	
Net (Income)/Expenditure	436,400	134,998	(301,402)	

OFFICE SERVICES TEAM

Direct Expenditure	1,588,840	1,541,804	(47,036)	The canteen catering budget is expected to be underspent by £20,000.
Income	(2,006,800)	(1,952,154)	54,646	Additional Millmead House rent will not be achieved, as Surrey County Council have declined further office space. Suitable alternative tenants are being actively sought.

Total Directly Controllable (Income)/Expenditure	(417,960)	(410,350)	7,610
Indirect Expenditure	473,836	482,384	8,548
Net (Income)/Expenditure	55,876	72,034	16,158

EPAYMENTS AND PAYROLL

Direct Expenditure	500,510	538,463	37,953	Redundancy costs arising from a restructure will be funded from invest to save.
Income	(673,730)	(673,046)	684	
Total Directly Controllable (Income)/Expenditure	(173,220)	(134,583)	38,637	
Indirect Expenditure	169,330	169,378	48	
Net (Income)/Expenditure	(3,890)	34,795	38,685	

NON DISTRIBUTED COSTS

Direct Expenditure	2,294,390	2,294,390	0
Total Directly Controllable (Income)/Expenditure	2,294,390	2,294,390	0
Indirect Expenditure	350	350	0
Net (Income)/Expenditure	2,294,740	2,294,740	0

THE VILLAGE

Direct Expenditure	90,000	339,039	249,039	Following revaluation Business Rates for The Village are £125,000, this was not assumed in the original budget. Other expenditure is expected to be £61,000 over budget and will be met from the corporate inflation budget.
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Income	(408,730)	(32,450)	376,280	Income from rents is expected to achieve £51,000 of the £408,800 budget.
Total Directly Controllable (Income)/Expenditure	(318,730)	306,589	625,319	
Net (Income)/Expenditure	(318,730)	306,589	625,319	

WEBSITE

Direct Expenditure	221,990	225,308	3,318
Total Directly Controllable (Income)/Expenditure	221,990	225,308	3,318
Indirect Expenditure	29,990	29,999	9
Net (Income)/Expenditure	251,980	255,307	3,327

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2015-16 Actual £	2016-17 Draft Actual £	Analysis	2017-18 Estimate £	2017-18 Projection £
		Borough Housing Services		
684,834	654,594	Income Collection	661,540	646,794
961,284	1,004,169	Tenants Services	935,150	913,758
94,149	71,395	Tenant Participation	139,110	111,326
71,964	68,906	Garage Management	71,080	68,673
63,133	62,795	Elderly Persons Dwellings	63,530	63,742
566,292	489,812	Flats Communal Services	410,770	512,080
414,610	473,413	Environmental Works to Estates	540,570	516,863
4,752,742	5,088,818	Responsive & Planned Maintenance	5,167,820	5,167,820
136,164	149,529	SOCH & Equity Share Administration	133,290	129,633
7,745,172	8,063,430		8,122,860	8,130,689
		Strategic Housing Services		
398,983	393,556	Advice, Registers & Tenant Selection	348,620	352,052
191,815	199,230	Void Property Management & Lettings	170,650	190,009
7,359	10,098	Homelessness Hostels	9,130	9,115
217,175	200,681	Supported Housing Management	202,710	171,859
430,396	593,967	Strategic Support to the HRA	387,900	400,112
1,245,728	1,397,533		1,119,010	1,123,146
		Community Services		
897,939	822,862	Sheltered Housing	875,690	817,545
		Other Items		
6,437,625	6,703,540	Depreciation	5,000,000	5,000,000
(1,156,635)	2,661,783	Revaluation and other Capital items	0	0
85,409	147,485	Debt Management	159,440	159,440
0	0	Rent Rebates	0	0
154,473	154,218	Other Items	649,220	649,220
15,409,711	19,950,851	Total Expenditure	15,926,220	15,880,040
(32,592,728)	(32,623,860)	Income	(31,749,670)	(32,218,693)
(17,183,017)	(12,673,009)	Net Cost of Services(per inc & exp a/c)	(15,823,450)	(16,338,653)
241,767	259,861	HRA share of CDC	238,230	238,230
(16,941,250)	(12,413,148)	Net Cost of HRA Services	(15,585,220)	(16,100,423)
(332,979)	(508,072)	Investment Income	(364,250)	(386,175)
5,173,010	5,022,423	Interest Payable	5,143,050	5,143,050
(12,101,219)	(7,898,797)	Deficit for Year on HRA Services	(10,806,420)	(11,343,548)
		REFCUS - Revenue funded from capital	75,000	75,000
2,500,000	2,500,000	Contrib to/(Use of) RFFC	2,500,000	2,500,000
8,435,425	7,966,069	Contrib to/(Use of) New Build Reserve	8,231,420	8,768,548
0	0	CERA - Capital Expenditure from revenue	0	0
31,451	121,431	Tfr (fr) to Pensions Reserve	0	0
1,165,390	(2,648,007)	Tfr (from)/to CAA re: Revaluation	0	0
0	(25,420)	Tfr (from)/to CAA re: REFCUS	0	0
(8,755)	(13,775)	Tfr (from)/to CAA re: Intangible assets	0	0
(22,292)	(1,500)	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)

2015-16 Actual £	2016-17 Draft Actual £	Analysis	2017-18 Estimate £	2017-18 Projection £
		Borough Housing Services		
(29,937,928)	(29,850,855)	Rent Income - Dwellings	(29,062,000)	(29,538,263)
(203,864)	(213,964)	Rent Income - Rosebery Hsg Assoc	(203,860)	(206,107)
(194,792)	(194,263)	Rents - Shops, Buildings etc	(181,000)	(194,006)
(661,341)	(677,827)	Rents - Garages	(730,000)	(736,456)
(30,997,925)	(30,936,909)	Total Rent Income	(30,176,860)	(30,674,831)
(300,297)	(345,764)	Supporting People Grant	(250,000)	(250,000)
(970,273)	(961,529)	Service Charges	(978,680)	(973,115)
(27,549)	(5,155)	Legal Fees Recovered	(28,000)	(28,000)
0.00	0	Council Tax Recovered	0	0
(39,590)	(40,025)	Service Charges Recovered	(54,550)	(40,274)
(257,094)	(334,477)	Miscellaneous Income	(261,580)	(252,472)
(32,592,728)	(32,623,860)	Total Income	(31,749,670)	(32,218,693)

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Ref	Directorate/Service and Capital Scheme name	Approved gross estimate (a) £000	Cumulative spend at 31-03-17 (b) £000	Estimate approved by Council in February (c) £000	2017-18			Revised estimate (d) £000	Expenditure at 21-07-17 (e) £000	Projected exp est by project officer (f) £000	2018-19 Est for year (i) £000	2019-20 Est for year (ii) £000	2020-21 Est for year (iii) £000	2021-22 Est for year (iv) £000	Future years est exp (g) £000	Projected expenditure total (b)+(g) = (h) £000	Grants / Contributions towards cost of scheme (i) £000	Net cost of scheme (h)-(i) = (j) £000
					Rolled over (d) (i) £000	Supplementary Ests (d) (ii) £000	Virements (d) (ii) £000											
APPROVED SCHEMES																		
COMMUNITY																		
Neighbourhood & housing management																		
P2	Safer Guildford: CCTV & Lighting Strategy - Lighting Strategy	116	105	-	11	-	-	11	-	11	-	-	-	-	-	116	-	116
P3	Safer Guildford: CCTV & Lighting Strategy - Lighting Strategy	136	132	-	4	-	-	4	1	4	-	-	-	-	-	136	(6)	130
HC3	Furniture link guildford	30	-	-	30	-	-	30	-	30	-	-	-	-	-	30	-	30
ED30	Home Farm, Effingham - provision of Gypsy and Traveller	1,000	230	655	115	-	-	770	267	770	-	-	-	-	-	1,000	-	1,000
General Fund Housing																		
Disabled Facilities Grants																		
				450	-	-	-	450	102	450	-	-	-	-	-	450	-	450
				40	-	-	-	40	19	40	-	-	-	-	-	40	-	40
				30	-	-	-	30	30	30	-	-	-	-	-	30	-	30
				-	-	-	-	-	2	-	-	-	-	-	-	-	-	-
General Grants to HAs				100	-	-	-	100	-	100	100	100	100	100	400	500	-	500
General feasibility, site preparation costs for affordable housing				120	15	-	-	135	-	135	120	120	120	120	480	615	-	615
Bright Hill Car Park Site				4	-	-	-	5	-	5	-	-	-	-	-	4	-	4
Ladymead/Fire Station site preparation				69	-	-	-	5	-	5	-	-	-	-	-	69	-	69
Garage Sites-General				146	-	-	-	5	-	5	-	-	-	-	-	146	-	146
Garage Sites Phase 1				1	-	-	-	-	-	-	-	-	-	-	-	1	-	1
Guildford Park Car Park				311	-	-	-	(1)	-	(1)	-	-	-	-	-	311	-	311
Apple Tree Pub Site				66	-	-	-	6	-	6	-	-	-	-	-	66	-	66
Park Barn Community Centre				2	-	-	-	-	-	-	-	-	-	-	-	2	-	2
COMMUNITY DIRECTORATE TOTAL		1,282	1,066	1,395	175	0	0	1,570	410	1,570	220	220	220	220	880	3,516	(6)	3,510
CORPORATE																		
no projects																		
DEVELOPMENT																		
Economic development																		
ED3/15	Disabled Access (DDA) Improvements: ph.2 & 3	390	344	42	19	-	(15)	46	1	46	-	-	-	-	-	390	-	390
ED14(e)	Void investment property refurbishment works	400	196	-	204	-	-	144	-	144	-	-	-	-	-	340	-	340
ED14(f)	Foundation Unit 1 Middleton							10	0	10								
ED14(g)	Unit 4 Middleton							50	0	50								
ED18	Museum and castle development	267	3	17	247	-	-	264	15	264	-	-	-	-	-	267	-	267
ED19	Asbestos surveys and removal in non-residential council	158	86	32	8	-	-	40	4	40	32	-	-	32	158	-	158	
ED21	Methane gas monitoring system	100	40	-	60	-	-	60	-	60	-	-	-	-	100	-	100	
ED22	Energy efficiency compliance - Council owned properties	45	8	-	37	-	-	37	-	37	-	-	-	-	45	-	45	
ED23	Rebuild retaining wall on Shalford Park boundary with the Old	60	3	-	57	-	-	57	17	57	-	-	-	-	60	-	60	
ED26	Bridges - Walnut Bridge	117	148	-	(31)	-	-	(31)	20	(31)	-	-	-	-	117	-	117	
Bridges - Millmead Footbridge																		
				7	5	-	2	-	2	-	2	-	-	-	-	7	-	7
ED29	Guildford House courtyard	7	5	-	2	-	-	2	-	2	-	-	-	-	7	-	7	
ED35	Electric Theatre - new boilers	120	-	120	-	-	-	120	-	120	-	-	-	-	120	-	120	
ED39	Gfd business incubation project	110	-	-	110	-	-	110	-	110	-	-	-	-	110	-	110	
ED41	The Billings roof	200	13	150	37	-	-	187	-	187	-	-	-	-	200	-	200	
ED42	Guildford house damproofing- removal of decayed timber	20	-	-	20	-	-	20	0	20	-	-	-	-	20	-	20	
ED44	Broadwater cottage	74	0	-	74	-	-	74	0	74	-	-	-	-	74	-	74	
ED45	Gunpowder mills - scheduled ancient monument	50	-	-	50	-	-	50	0	50	-	-	-	-	50	-	50	
ED46	New House - short term works following acquisition	70	-	-	70	-	-	70	-	70	-	-	-	-	70	-	70	
ED53	Sale costs of Burpham Court Farm Buildings	50	-	-	-	-	50	50	-	50	-	-	-	-	50	-	50	
PLANNING SERVICES																		
P1	Environmental Improvements: High Street / Chertsey St.,	60	-	60	-	-	-	60	-	60	-	-	-	-	-	60	(20)	40
P4	Guildford Riverside Route Ph 1 (part SPA)	708	636	-	72	-	-	72	2	72	-	-	-	-	708	(531)	177	
DEVELOPMENT DIRECTORATE TOTAL		3,006	1,481	421	1,036	-	35	1,492	62	1,492	32	-	-	-	32	2,945	(551)	2,394
ENVIRONMENT																		
Operational Services																		
OP1	Safer Guildford: CCTV & Lighting Strategy - CCTV etc. phase 4	93	82	-	11	-	-	11	-	11	-	-	-	-	-	93	-	93
OP3	Sluice Gates Motorisation at Town Mill Toll House	70	64	-	6	-	-	6	-	6	-	-	-	-	70	-	70	
OP5	Mill Lane (Pirbright) Flood Protection Scheme	71	55	-	16	-	-	16	-	16	-	-	-	-	71	(19)	52	
OP6	Vehicles, Plant & Equipment Replacement Programme	5,545	5,018	-	527	-	-	527	41	527	-	-	-	-	5,545	-	5,545	
Ash Surface Water (grant funded)																		
				22	22	-	-	-	-	-	-	-	-	-	-	22	(22)	0
William Road Flood (grant funded)																		
				15	15	-	-	-	-	-	-	-	-	-	-	15	(15)	0
OP19	Flexford Flood (EA grant)	50	59	-	(9)	-	-	(9)	-	(9)	-	-	-	-	50	(3)	47	
Opxx	Ashenden rd (EA grant)	3	3	-	-	-	-	-	-	-	-	-	-	-	3	(3)	0	
OP20	Flood resilience measures (use in conjunction with grant funded)	100	-	100	-	-	-	100	-	100	-	100	-	100	100	-	100	
OP22	Litter bins replacement	265	31	230	4	-	-	234	6	234	-	-	-	-	265	-	265	
OP23	Flats recycling - new bins	50	19	-	31	-	-	31	9	31	-	-	-	-	50	-	50	
OP24	WRD security barriers	15	11	-	4	-	-	4	1	4	-	-	-	-	15	-	15	
OP25	WRD roads and footpaths	150	59	100	(9)	-	-	91	-	91	-	-	-	-	150	-	150	
OP26	Marrow lane grille & headwall construction	60	3	-	57	-	-	57	-	57	-	-	-	-	60	-	60	
OP27	Marrow & Burpham surface water study	15	-	-	15	-	-	15	-	15	-	-	-	-	15	-	15	
OP28	Crown court CCTV	10	-	-	10	-	-	10	-	10	-	-	-	-	10	-	10	

Ref	Directorate/Service and Capital Scheme name	Approved gross estimate (a) £000	Cumulative spend at 31-03-17 (b) £000	Estimate approved by Council in February (c) £000	2017-18			Revised estimate (d) £000	Expenditure at 21-07-17 (e) £000	Projected exp est by project officer (f) £000	2018-19 Est for year (i) £000	2019-20 Est for year (ii) £000	2020-21 Est for year (iii) £000	2021-22 Est for year (iv) £000	Future years est exp (g) £000	Projected expenditure total (b)+(g) = (h) £000	Grants / Contributions towards cost of scheme (i) £000	Net cost of scheme (h)-(i) = (j) £000
					Rolled over (d) (i) £000	Supplementary Ests (d) (ii) £000	Virements (d) (ii) £000											
Parks and Leisure																		
PL4	Crematorium - mercury abatement/new cremators	1,266	988	-	29	-	249	278	21	278	-	-	-	-	-	1,266	-	1,266
PL11	Spectrum Roof replacement	4,000	147	3,420	433	-	-	3,853	16	3,853	-	-	-	-	-	4,000	-	4,000
	Spectrum roof - steelwork ph2	-	389	-	(389)	-	-	(389)	1	(389)	-	-	-	-	-	0	-	0
PL15	Infrastructure works: Guildford Commons	150	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
PL15(a)	Infrastructure works: Guildford Commons: Merrow	-	10	10	3	-	-	13	-	13	-	-	-	-	-	23	-	23
PL15(b)	Infrastructure works: Guildford Commons: Shalford	-	63	40	4	-	-	44	10	44	16	-	-	16	123	-	123	
PL15(c)	Infrastructure works: Guildford Commons: Compton	-	-	-	4	-	-	4	3	4	-	-	-	-	4	-	4	
PL20(a)	Onslow Rec play area	174	156	-	18	-	-	18	8	18	-	-	-	-	174	-	174	
PL20(b)	Westnye Gardends play area	125	-	125	-	-	-	125	-	25	100	-	-	100	125	-	125	
PL22	Stoke Park Paddling Pool (ph1&2)	423	376	-	47	-	-	47	33	47	-	-	-	-	423	-	423	
PL26	Replacement roundabout planters	50	18	-	32	-	-	32	-	32	-	-	-	-	50	-	50	
PL32	Stoke Park Bowls Club	62	-	-	35	-	27	62	2	62	-	-	-	-	62	-	62	
PL34	Stoke cemetery re-tarmac	47	-	-	47	-	-	47	-	47	-	-	-	-	47	-	47	
PL35	Woodbridge rd sportsground replace fencing	160	38	-	122	-	-	122	1	122	-	-	-	-	160	-	160	
PL36	Stoke Park Composting facility	105	-	105	-	-	-	105	-	-	105	-	-	105	105	-	105	
PL38	Chantry wood campsite	216	3	200	13	-	-	213	1	20	193	-	-	193	216	-	216	
PL40	Replace hanging basket posts	88	13	-	75	-	-	75	40	75	-	-	-	-	88	(44)	44	
PL41	Stoke pk office accomodation & storage buildings (Greenhouse)	65	15	-	50	-	-	50	54	50	-	-	-	-	65	-	65	
PL42	Pre-sang costs	100	1	-	99	-	-	99	1	99	-	-	-	-	100	-	100	
PL43	Stoke Cemetery Chapel - phase 2	75	0	3	-	-	-	3	0	3	72	-	-	72	75	-	75	
PL50	Countryside fence replacement	97	-	50	-	-	-	50	-	50	47	-	-	47	97	-	97	
ENVIRONMENT TOTAL DIRECTORATE		13,737	7,657	4,383	1,285	-	276	5,944	250	5,446	533	100	-	-	633	13,736	(106)	13,630
RESOURCES																		
Business Systems																		
BS1	Investment in Millmead House campus	3,884	3,828	-	56	-	-	56	0	56	-	-	-	-	3,884	-	3,884	
Financial Services																		
FS1	Capital contingency fund	annual	-	5,000	-	-	(401)	4,599	-	4,599	5,000	5,000	5,000	5,000	20,000	24,599	-	24,599
RESOURCES DIRECTORATE TOTAL		3,884	3,828	5,000	56	0	(401)	4,655	0	4,655	5,000	5,000	5,000	5,000	20,000	28,483	0	28,483
DEVELOPMENT/INCOME GENERATING/COST REDUCTION PROJECTS																		
ED25	Guildford Park - new MSCP and infrastructure works	6,500	503	4,500	1,497	-	-	5,997	57	5,997	-	-	-	-	6,500	-	6,500	
ED32	Clay lane link road	700	802	-	(102)	-	-	(102)	64	(102)	-	-	-	-	700	-	700	
ED6	Slyfield Area Regeneration Project (SARP)	1,984	217	-	1,767	-	-	1,767	131	1,767	-	-	-	-	1,984	-	1,984	
ED27	North Street Development / Guild Town Centre regeneration	977	640	100	137	-	-	237	4	237	100	-	-	100	977	(50)	927	
ED27a	Pop up Village	553	695	-	10	-	90	100	91	100	-	-	-	-	795	-	795	
	Investment in North Downs Housing	54,440	1,440	3,300	-	-	-	3,300	-	3,300	10,440	6,120	11,940	-	28,500	33,240	-	33,240
	Equity shares in Guildford Holdings Ltd	960	960	2,200	-	-	-	2,200	-	2,200	6,960	4,080	7,960	-	19,000	22,160	-	22,160
P5	Walnut Bridge replacement	3,341	481	1,884	(50)	-	-	1,834	154	1,834	1,026	-	-	1,026	3,341	(1,530)	1,811	
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	158	3,410	382	-	-	3,792	244	500	9,312	70	-	9,382	10,040	-	10,040	
PL25	Spectrum Combined Heat and Power (GF contr)	1,110	21	869	(21)	-	-	848	16	848	-	-	-	-	869	-	869	
PL29	Woodbridge Rd sportsground	1,900	516	1,150	234	-	-	1,384	483	1,384	-	-	-	-	1,900	(775)	1,125	
DEVELOPMENT/INCOME GENERATING/COST REDUCTION		100,204	6,434	35,112	3,854	0	90	39,056	1,243	35,764	27,838	10,270	19,900	0	58,008	100,206	(2,355)	97,851
APPROVED SCHEMES TOTAL		122,113	20,467	46,311	6,406	0	0	52,717	1,965	48,927	33,623	15,590	25,120	5,220	79,553	148,887	(3,018)	145,869

Ref	Directorate / Service Units Capital Schemes	Gross estimate approved by Executive (a) £000	Cumulative spend at 31-03-17 (b) £000	Estimate approved by Council in February (c) £000	2017-18				Expenditure at 21-07-17 (f) £000	Projected exp est by project officer (g) £000	2018-19 Est for year (i) £000	2019-20 Est for year (ii) £000	2020-21 Est for year (iii) £000	2021-22 Est for year (iv) £000	Future years estimated expenditure (h) £000	Projected expenditure total (b) to (g)=(i) £000	Grants or Contributions towards cost of scheme (j) £000	Net total cost of scheme to the Council (i) - (j) = (k) £000
					Rolled over (d) £000	Supp Ests	Virements (d) (i) £000	Revised estimate (e) £000										
PROVISIONAL SCHEMES (schemes approved in principle; further report to the Executive required)																		
COMMUNITY DIRECTORATE																		
COMMUNITY DIRECTORATE TOTAL																		
CORPORATE DIRECTORATE no projects																		
CORPORATE DIRECTORATE TOTAL																		
DEVELOPMENT DIRECTORATE																		
ED14(P)	Void investment property refurbishment works	300	-	100	-	-	100	-	-	200	100	-	-	300	300	-	300	
ED18(P)	Guildford Museum	4,750	-	2,000	-	-	2,000	-	-	4,750	-	-	-	4,750	4,750	-	4,750	
ED21(P)	Methane gas monitoring system	150	-	-	150	-	150	-	150	-	-	-	-	-	150	-	150	
ED22(P)	Energy efficiency compliance - Council owned properties	1,150	-	920	-	-	920	-	-	1,150	-	-	-	1,150	1,150	-	1,150	
ED26(P)	Bridges	570	-	570	-	-	570	-	570	-	-	-	-	-	570	-	570	
ED45(P)	Gunpowder mills - scheduled ancient monument	172	-	-	172	-	172	-	-	172	-	-	-	172	172	-	172	
P6(P)	Guildford Riverside Route PH 2&3 - NO LONGER RQD (moved)	2,400	-	2,400	-	-	2,400	-	-	-	-	-	-	-	-	-	-	
ED47(p)	Cladding of Ash Vale units	145	-	145	-	-	145	-	-	145	-	-	-	145	145	-	145	
ED48(p)	Westfield/Moorfield rd resurfacing	3,152	-	3,152	-	-	3,152	-	3,152	-	-	-	-	-	3,152	-	3,152	
ED50(p)	Burpham Court Farm	365	-	365	-	-	365	-	-	-	-	-	-	-	-	-	-	
ED51(p)	Exhibition lighting at Guildford House	50	-	50	-	-	50	-	50	-	-	-	-	-	50	-	50	
ED52(p)	Chapel Street (Castle Street/Tunsgate Public Realm Scheme)	2,000	-	2,000	-	-	2,000	-	850	1,150	-	-	-	1,150	2,000	-	2,000	
DEVELOPMENT DIRECTORATE TOTAL																		
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	-	-	300	-	300	600	4,000	1,000	-	5,600	5,900	-	5,900	
OP17(P)	New vehicle washing system	155	-	155	-	-	155	0	155	-	-	-	-	-	155	-	155	
OP21(P)	Surface water management plan	200	-	-	200	-	200	-	200	-	-	-	-	-	200	-	200	
OP22(P)	WRD - cleansing office heating system	11	-	11	-	-	11	11	11	-	-	-	-	-	11	-	11	
PL12(P)	Spectrum schemes to be agreed with Freedom Leisure	700	-	700	-	-	700	-	700	-	-	-	-	-	700	-	700	
PL16(P)	New burial grounds - acquisition & development	7,834	26	2,490	18	-	2,508	-	50	2,458	5,300	-	-	7,758	7,834	-	7,834	
PL18(P)	Refurbishment / rebuild Sutherland Memorial Park Pavilion	150	-	150	-	-	150	-	-	150	-	-	-	-	150	-	150	
PL20(P)	Council owned playground refurbishment	320	-	-	100	-	100	-	-	200	120	-	-	320	320	-	320	
PL21(P)	Council tennis courts refurbishment	295	-	215	80	-	295	-	100	195	-	-	-	195	295	(10)	285	
PL24(P)	Kings college astro turf	120	-	120	-	-	120	-	-	120	-	-	-	120	120	-	120	
PL39(P)	Aldershot rd allotment expansion & improvement	200	-	-	200	-	200	-	-	200	-	-	-	200	200	-	200	
PL41(P)	Stoke pk office accommodation & storage buildings	665	-	625	40	-	665	-	50	615	-	-	-	615	665	-	665	
PL44(p)	Sutherland memorial park all weather courts	25	-	25	-	-	25	-	25	-	-	-	-	-	25	-	25	
PL45(p)	Stoke Pk gardens water feature refurb	81	-	81	-	-	81	-	81	-	-	-	-	-	81	(59)	22	
PL46(p)	Replace stoke pk gardens attendant hut	70	0	70	-	-	70	6	70	-	-	-	-	-	70	-	70	
PL47(p)	Wall repairs for parks, cemeteries & recreation facilities	195	0	15	-	-	15	0	15	180	-	-	-	180	195	-	195	
PL48(p)	Bellfields YCC	60	1	60	(1)	-	59	1	59	-	-	-	-	-	60	-	60	
PL49(p)	Resurface Lido Rd CP	100	-	100	-	-	100	-	-	100	-	-	-	100	100	-	100	
PL52(p)	Sutherland Memorial Park LED lighting	35	-	35	-	-	35	-	35	-	-	-	-	-	35	-	35	
PL53(p)	Park Barn CC LED lighting upgrade	22	-	22	-	-	22	-	22	-	-	-	-	-	22	-	22	
ENVIRONMENT DIRECTORATE TOTAL																		
RESOURCES DIRECTORATE																		
BS2(P)	Millmead House Toilet refurb	121	13	-	108	-	108	2	108	-	-	-	-	-	121	-	121	
CD3(P)	Renewables	65	-	-	65	-	65	-	65	-	-	-	-	-	65	-	65	
RESOURCES DIRECTORATE TOTAL																		
DEVELOPMENT/INCOME GENERATING/COST REDUCTION PROJECTS																		
ED25(P)	Guildford Park new MSCP and infrastructure works	23,125	-	11,645	-	-	11,645	-	-	18,625	4,500	-	-	23,125	23,125	-	23,125	
ED32(P)	Clay lane link road	10,439	-	100	1,000	-	1,100	-	1,100	4,339	5,000	-	-	9,339	10,439	(1,340)	9,099	
ED16(P)	Slyfield Area Regeneration Project (SARP) (GBC share)	130,430	-	15,000	58	-	15,058	-	-	30,058	15,000	16,000	15,000	130,430	130,430	-	130,430	
ED38(P)	North Street development	29,590	-	1,000	-	-	1,000	-	1,000	28,590	-	-	-	28,590	29,590	-	29,590	
ED49(p)	Redevelop Midleton industrial estate	14,907	-	1,837	-	-	1,837	-	1,837	-	-	13,070	-	13,070	14,907	-	14,907	
HC4(p)	Bright Hill Development	13,500	-	500	-	-	500	-	500	1,250	6,250	5,500	-	13,000	13,500	-	13,500	
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	-	217	-	-	217	-	217	-	-	-	-	-	217	-	217	
P10(p)	Sustainable Movement Corridor	9,895	-	-	-	-	-	-	-	850	2,975	2,075	4,000	9,900	9,900	-	9,900	
P11(p)	Guildford West (PB) station	5,000	-	500	-	-	500	-	100	900	1,000	3,000	-	4,900	5,000	(3,750)	1,250	
P12(p)	Strategic property acquisitions	34,120	-	-	-	-	-	-	-	7,020	13,300	13,800	-	34,120	34,120	-	34,120	
P13(p)	Bedford Wharf	23,000	-	-	-	-	-	-	-	23,000	-	-	-	23,000	23,000	-	23,000	
P13(p)	Guildford Gyration & approaches	12,000	-	-	-	-	-	-	-	2,000	3,000	3,500	3,500	12,000	12,000	(5,000)	7,000	
PL51(p)	Stoke Park - Home Farm Redevelopment	4,000	-	-	-	-	-	-	-	400	-	3,600	-	4,000	4,000	-	4,000	
	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	

Ref	Directorate / Service Units Capital Schemes	Gross estimate approved by Executive (a) £000	Cumulative spend at 31-03-17 (b) £000	Estimate approved by Council in February (c) £000	2017-18			Revised estimate (e) £000	Expenditure at 21-07-17 (f) £000	Projected exp est by project officer (g) £000	2018-19 Est for year (i) £000	2019-20 Est for year (ii) £000	2020-21 Est for year (iii) £000	2021-22 Est for year (iv) £000	Future years estimated expenditure (h) £000	Projected expenditure total (b) to (g)=(i) £000	Grants or Contributions towards cost of scheme (j) £000	Net total cost of scheme to the Council (i) - (j) = (k) £000
					Rolled over (d) £000	Supp Ests	Virements (d) (i) £000											
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	
DEVELOPMENT/INCOME GENERATING/COST REDUCTION PROJECTS TOTAL		320,813	-	34,799	1,058	-	35,857	-	4,754	121,032	57,615	60,545	22,500	316,064	320,818	(13,590)	307,228	
PROVISIONAL SCHEMES - GRAND TOTALS		353,541	40	51,675	2,390	-	54,065	21	11,772	133,417	67,135	61,545	22,500	338,969	350,781	(13,679)	337,102	

Ref	Year approved	Project Officer	Code	Service Units / Capital Schemes	Approved gross estimate	Cumulative spend at 31-03-17	2016-17					2018-19 Est for year	Future years est exp	Projected expenditure total	Grants / Contributions towards cost of scheme	Net cost of scheme	Total net cost approved by Executive	
							Estimate approved by Council in February	Rolled over	Virements	Revised estimate	Expenditure at 21-07-17							Projected exp est by project officer
					(a) £000	(b) £000	(c) £000	(d) (i) £000	(d) (ii)	(d)	(e) £000	(f) £000	(i) £000	(g) £000	(b)+(g) = (h) £000	(i) £000	(h)-(i) = (j) £000	(k) £000
S-OP3	17-18	BS	P66093	APPROVED SCHEMES (fully funded from S106 contributions) Hayden Place CCTV - P92310 OPERATIONAL SERVICES	35					35		35			35	(35)		
OPERATIONAL SERVICES S106 - Totals					-	-	-	-	-	-	-	-	-	-	196	(196)	-	-
ENVIRONMENT DIRECTORATE																		
S-PL2	09-10	SK	P41058	G Live Artwork	34	32	-	2	-	2	-	2	-	-	34	(34)	-	-
S-PL3		SK	P29008	Art Print Hse Sq (Sculpture Martyr Rd)	36	25	-	11	-	11	-	11	-	-	36	(36)	-	-
S-PL7		JS/SA	P18139	Tilehouse Open Space - Playground Refurbishment & Fitness Equipment	132	102	-	30	-	30	-	30	-	-	132	(132)	-	-
S-PL8		JS/SA	P18137	Briars Playground Refurb	10	-	-	10	-	10	-	10	-	-	10	(10)	-	-
S-PL13	12-13	PN/DW	P18143	Stoke Recreation Ground play area	41	37	-	4	-	4	-	4	-	-	41	(41)	-	-
S-PL17	13-14	JS/SA	P18156	Bushy Hill Facilities	27	16	-	11	-	11	-	11	-	-	27	(27)	-	-
S-PL23	13-14	SK	P29013	75-78 Woodbridge Rd	15	4	-	11	-	11	-	11	-	-	15	(15)	-	-
S-PL29	14-15	SA/BW	P18162	Greening the approaches - roundabouts	40	5	-	35	-	35	-	35	-	-	40	(40)	-	-
S-PL33	15-16	SA		Installation of trampoline play equipment	11	-	-	11	-	11	-	11	-	-	11	(11)	-	-
S-PL36	15-16	HJ	P18177	Gunpowder mills - signage, access and woodland imps	16	11	-	5	-	5	-	5	-	-	16	(16)	-	-
S-PL40	15-16	SA	P18186	Ripley PC skate ramp	47	22	-	25	-	25	-	25	-	-	47	(47)	-	-
S-PL46	16-17	SA	P18198	Shalford Park Pavilion Improvements - COMPLETE	23	22	-	1	-	1	2	1	-	-	23	(23)	-	-
S-PL47	16-17	SA		Fir Tree Garden	28	-	28	-	-	28	-	28	-	-	28	(28)	-	-
ENVIRONMENT DIRECTORATE TOTAL					460	275	28	156	-	184	2	184	-	-	459	(459)	-	-
APPROVED SCHEMES continued (fully funded from S106 contributions)																		
DEVELOPMENT DIRECTORATE																		
S-P1	06-07	MW	P41045	Haydon Place / Martyr Road	67	64	-	3	-	3	12	3	-	-	67	(67)	-	-
S-P3	01-02	MW	P41076	North Street Rejuvenation Project	489	257	232	-	-	232	-	-	-	-	257	(257)	-	-
S-P5	12-13	BW		Falcon Rd Guildford	6	-	-	6	-	6	-	6	-	-	6	(6)	-	-
S-P7	12-13	BW	P41063	Woodbridge meadows	243	197	-	46	-	46	-	46	-	-	243	(243)	-	-
S-P8		BW	P41086	Woodbridge Hill environmental improvements	226	17	180	30	-	210	-	210	-	-	227	(227)	-	-
S-P10		MW	P41085	G Live Lighting and Signage York Road	32	23	-	9	-	9	-	9	-	-	32	(32)	-	-
S-P11		ST	P31003	G Live Bus stop/drop off point	11	4	-	7	-	7	-	7	-	-	11	(11)	-	-
S-P12		MW	P41074	Espom Rd/Boxgrove Road	150	87	-	63	-	63	-	63	-	-	150	(150)	-	-
S-P13		MW	P41073	Kingpost Parade car park	20	19	-	2	-	2	-	2	-	-	21	(21)	-	-
S-P14		MW	P41084	Bridge Street Waymarking	5	1	-	4	-	4	-	4	-	-	5	(5)	-	-
DEVELOPMENT DIRECTORATE TOTOAL					1,249	668	412	170	-	582	12	350	-	-	1,018	(1,018)	-	-
APPROVED S106 SCHEMES TOTAL					1,709	943	440	326	-	766	13	534	-	-	1,673	(1,673)	-	-

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Item No.	Projects & Sources of Funding	Approved gross estimate	Cumulative spend at 31-03-17	Estimate approved by Council in February	2017-18				Projected exp est by project officer	2018-19 Est for year	2019-20 Est for year	2020-21 Est for year	2021-22 Est for year	2022-23 Est for year	Future years est exp	Projected expenditure total
					Rolled over	Virements	Revised estimate	Expenditure at 21-07-17								
		(a) £000	(b) £000	(c) £000	(d) (i) £000	£000	£000	(e) £000	(f) £000	(i) £000	(ii) £000	(iii) £000	(iv) £000	(v) £000	(g) £000	(b)+(g) = (h) £000
RESOURCES DIRECTORATE																
ENERGY PROJECTS per SALIX RESERVE:(PR220)																
R-EN10	LED Lighting replacement	80	49	-	31		31	-	31	-	-	-	-	-	-	80
R-EN11	WRD energy reduction	70	-	-	70		70	-	70	-	-	-	-	-	-	70
ENERGY PROJECTS per GBC INVEST TO SAVE RESERVE: GBC 'Invest to Save' energy projects (to be repaid in line with savings)																
R-EN12	PV/energy efficiency projects	100	2	-	98		98	-	98	-	-	-	-	-	-	100
ENERGY RESERVES TOTAL		250	51	-	363		363	-	363	-	-	-	-	-	-	250
BUDGET PRESSURES RESERVE																
R-BP1	Surreysave Credit Union - purchase of shares	100	50	-	50		50	-	50	-	-	-	-	-	-	100
BUDGET PRESSURES RESERVE TOTAL		100	50	-	50		50	-	50	-	-	-	-	-	-	100
LABGI RESERVE																
R-LB1	Bedford Rd Bus Station	250	59	-	-		-	26	-	191	-	-	-	-	191	250
LABGI RESERVE TOTAL		250	59	-	-		-	26	-	191	-	-	-	-	191	250
INFORMATION TECHNOLOGY - IT Renewals Reserve (PR265) : approved annually																
Hardware / software budget																
R-IT1	Hardware	annual	annual	350	504		854	-	854	350	350	350	-	-	1,050	1,904
R-IT2	Software	annual	annual	-	-		-	195	-	-	-	-	-	-	-	-
	Efin upgrade and eproc implement		12	-	-		-	0	-	-	-	-	-	-	-	-
	Replace Ocella (Tascomi)		10	-	-		-	-	-	-	-	-	-	-	-	-
IT RENEWALS RESERVE TOTAL		-	22	350	504		854	195	854	350	350	350	-	-	1,050	1,904
ENVIRONMENT DIRECTORATE																
SPECTRUM RESERVE																
R-SP1	Chiller Replacement & CHO absorption chiller	245	-	-	243		243	-	243	-	-	-	-	-	-	243
R-SP4	Lift controls - replacement	310	48	-	262		262	-	262	-	-	-	-	-	-	310
SPECTRUM RESERVE TOTAL		555	48	-	505		505	-	505	-	-	-	-	-	-	553
CAR PARKS RESERVE																
R-CP1	Car parks - install/replace pay-on-foot equipment	570	240	334	(4)		330	-	330	-	-	-	-	-	-	570
R-CP13	Car Parks - Lighting & Electrical improvements: - Castle, Farnham & York Rd Lighting	300	-	-	300		300	-	300	-	-	-	-	-	-	300
R-CP8	Car parks - Deck surfacing: - Castle car park (PR000299)	325	-	-	-		-	-	-	325	-	-	-	-	325	325
R-CP10	- Bedford Road (PR000243)	512	-	512	-		512	-	512	-	-	-	-	-	-	512
R-CP12	Replacement of collapsed retaining wall Bright Hill	321	16	-	305		305	29	305	-	-	-	-	-	-	321
R-CP14	Lift replacement (PR000293)	841	-	187	93		280	66	280	187	187	187	-	-	561	841
R-CP15	Merrow P&R CCTV (PR000298)	50	-	-	50		50	-	50	-	-	-	-	-	-	50
R-CP16	Bright Hill Barrier essential works (PR000425)	80	1	-	79		79	44	79	-	-	-	-	-	-	80
R-CP17	Leapale rd MSCP drainage (PR000433)	90	-	90	-		90	-	90	-	-	-	-	-	-	90
CAR PARKS RESERVE TOTAL		3,089	257	1,123	823		1,946	139	1,946	512	187	187	-	-	886	3,089
SPA RESERVE :																
SPA schemes (various)																
R-SPA1	Chantry Woods	100	annual	100	65		165	1	165	100	-	-	-	-	100	265
R-SPA2	Effingham															
R-SPA3	Lakeside															
R-SPA4	Riverside							8								
R-SPA5	Parsonage															
R-SPA7	Access tracks at Chantry Wood	60	-	-	60		60	-	60	-	-	-	-	-	-	60
SPA RESERVE TOTAL		160	-	100	125		225	8	225	100	-	-	-	-	100	325
GRAND TOTALS		4,404	486	1,573	2,370	0	3,943	369	3,943	1,153	537	537	0	0	2,227	6,471

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GENERAL FUND CAPITAL PROGRAMME : SUMMARY OF RESOURCES AND FINANCIAL IMPLICATIONS

1.0 AVAILABILITY OF RESOURCES - NOTES :

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

1.2 The actuals for 2016-17 have not been audited.

1.3 Funding assumptions:

1. All capital expenditure will be funded in the first instance from available capital receipts and the General Fund capital programme reserve.
2. Once the above resources have been exhausted in any given year, the balance of expenditure will be financed from borrowing, both internally and externally, dependnding upon the Council's financial situation at the time.

1.4 These projections are based on estimated project costs, some of which will be 'firmed up' in due course. Any variations to the estimates and the phasing of expenditure will affect year on year funding projections.

2.0 Capital receipts - Balances (T01001)

	2016-17 Actuals £000	2017-18 Budget £000	2017-18 Est Outturn £000	2018-19 Estimate £000	2019-20 Estimate £000	2020-21 Estimate £000	2021-22 Estimate £000	2022-23 Estimate £000
Balance as at 1 April	0	0	0	0	0	0	0	0
Add estimated usable receipts in year	259	330	6	4,000	9,200	9,075	16,000	0
Less applied re funding of capital schemes	(259)	(330)	(6)	(4,000)	(9,200)	(9,075)	(16,000)	0
Balance after funding capital expenditure as at 31 March	0	0	0	0	0	0	0	0

GENERAL FUND CAPITAL PROGRAMME : SUMMARY OF RESOURCES AND FINANCIAL IMPLICATIONS

APPENDIX 8

during year = outturn (col v, actual = col u)

3.0 Capital expenditure and funding - summary

Estimated capital expenditure

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

Total estimated capital expenditure

To be funded by:

Capital receipts (*per 2.above*)

Contributions

R.C.C.O. :

Other reserves

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

Total funding required

	2016-17 Actuals £000	2017-18 Budget £000	2017-18 Est Outturn £000	2018-19 Estimate £000	2019-20 Estimate £000	2020-21 Estimate £000	2021-22 Estimate £000	2022-23 Estimate £000
	33,836	46,311	48,927	33,623	15,590	25,120	5,220	0
	20	51,675	11,772	133,417	67,135	61,545	22,500	15,000
	447	440	534	0	0	0	0	0
	3,199	1,573	3,943	1,153	537	537	0	0
	744	0	0	0	0	0	0	0
Total estimated capital expenditure	38,246	99,999	65,176	168,193	83,262	87,202	27,720	15,000
To be funded by:								
Capital receipts (<i>per 2.above</i>)	(2,860)	(330)	(6)	(4,000)	(9,200)	(9,075)	(16,000)	0
Contributions	(3,128)	(3,982)	(3,174)	(1,221)	(2,250)	(4,750)	(1,750)	0
<u>R.C.C.O. :</u>								
Other reserves	(1,523)	(7,973)	(8,998)	(12,831)	(757)	(757)	(220)	0
	(7,511)	(12,285)	(12,178)	(18,052)	(12,207)	(14,582)	(17,970)	0
Balance of funding to be met from (i) the Capital Reserve, and (ii) borrowing	(30,735)	(87,714)	(52,998)	(150,141)	(71,055)	(72,620)	(9,750)	(15,000)
Total funding required	(38,246)	(99,999)	(65,176)	(168,193)	(83,262)	(87,202)	(27,720)	(15,000)

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

	2016-17 Actuals £000	2017-18 Budget £000	2017-18 Est Outturn £000	2018-19 Estimate £000	2019-20 Estimate £000	2020-21 Estimate £000	2021-22 Estimate £000	2022-23 Estimate £000
Balance as at 1 April	639	0	1,000	0	0	0	0	0
Add: General Fund Revenue Budget variations	0	0	0	0	0	0	0	0
Contribution from revenue	1,000	0	0	0	0	0	0	0
	1,639	0	1,000	0	0	0	0	0
Less: Applied re funding of capital programme	(639)	0	(1,000)	0	0	0	0	0
Balance after funding capital expenditure etc.as at 31 March	1,000	0	0	0	0	0	0	0

Estimated shortfall at year-end to be funded from borrowing

	30,096	87,714	51,998	150,141	71,055	72,620	9,750	15,000
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Agenda item number: 6
Appendix 8

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Agenda item number: 6 Appendix 9

GUILDFORD B.C. - HOUSING INVESTMENT PROGRAMME 2017-18 to 2021-22: HRA APPROVED PROGRAMME

APPENDIX 9

Project Budget	2016-17	Project Spend at	2017-18	Carry Forward	Expenditure	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	Total Project Exp
	Actual	31-03-17	Estimate		as at 31-03-17	Projected Outturns	Estimate	Estimate	Estimate	Estimate	Estimate	
£000	£000	£000	£000		£000	£000	£000	£000	£000	£000	£000	£000
Acquisition of Land & Buildings	3,302	0	0			0						0
10 Mount Court					195							
New Build												
New Road, Gomeshall	4,250	56	4,122		(28)	0	0	0	0	0	0	4,122
Lakeside Close, Ash	5,100	336	4,991		74	0	0	0	0	0	0	4,991
Guildford Park	75	25	25		0	0	0	0	0	0	0	25
Slyfield Green (Corporation Club)	2,448	1,853	1,853		479	350	0	0	0	0	0	2,203
Willow Way	1,000	0	0		70	975	25	0	0	0	0	1,000
Garage sites-	2,500	0	0			2,000	150	0	0	0	0	2,150
Pond Meadow												
Rowan Close												
The Hornstead	500	0	0		32	500	0	0	0	0	0	500
Appletree pub site	3,200	381	424		10	2,400	700	0	0	0	0	3,524
Fire Station/Ladymead	2,000	0	0			1,200	800	0	0	0	0	2,400
Bright Hill	500	0	0			500	0	0	0	0	0	1,000
Various small sites & feasibility/Site preparation	1,000	0	0			0	0	0	0	0	0	0
Schemes to promote Home-Ownership												
Equity Share Re-purchases	annual	0	annual			400						annual
Major Repairs & Improvements												
Retentions & minor carry forwards	annual	0	annual			30						annual
Kitchens & Bathrooms	annual	793	annual			1,350	(77)					1,350
Doors and Windows	annual	245	annual			400	40					400
Structural	annual	1,102	annual			850	(1)					850
Energy efficiency: Central heating	annual	779	annual			650	350					650
General	annual	924	annual			1,220	175					1,220
Grants												
Cash Incentive Scheme	annual	0	annual			75						75
TOTAL APPROVED SCHEMES	0	6,496	11,416			12,900		1,675	0	0	0	21,916

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Corporate Governance and Standards Committee Report

Report of Director of Resources

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Date: 21 September 2017

General Data Protection Regulation: Governance Arrangements

Executive Summary

The Data Protection Act 1998 regulates how the Council uses and stores the personal data of its customers and staff. An EU Directive, the General Data Protection Regulation (GDPR) will replace the Data Protection Act. The GDPR sets out how organisations can collect and use personal data. The GDPR comes into force on 25 May 2018. Before then, the UK will pass a new law so that the GDPR applies in the UK. The GDPR applies to organisations that provide goods or services to individuals in the EU. This includes organisations outside the EU that want to provide goods or services within the EU. The GDPR (and the new law) will continue to apply in the UK after the UK leaves the EU.

The suggested governance structure to oversee the implementation and ongoing maintenance of GDPR is set out in Appendix 1.

Recommendation to Committee

That the Committee approves the Governance structure and the Officer Project Board's approach to implementing the GDPR, as set out in Appendix 1.

Reason for Recommendation:

To comply with the requirements of the GDPR by 25 May 2018.

1. Purpose of Report

1.1 This report presents the suggested approach to the implementation of the GDPR for approval by the Committee.

2. Strategic Framework

2.1 Good Corporate Governance ensures the Council maintains high standards to protect the personal data of staff and residents, underpinning the values and mission of the Council.

3. Background

- 3.1 The GDPR regulates how data is processed. The GDPR definition of personal data is wider than the current definition and updated to cover changes in technology since 1998. It can include things like cookies that we automatically download when we visit websites and biometric data such as fingerprints and DNA.
- 3.2 The overall aim of the GDPR is to improve transparency, accountability and governance. The Council will have to be clear with residents and staff what data it is collecting and what is done with it. The Council will be liable for any breach of the GDPR and must make sure there is proper security and controls to protect the data that is collected.

4. Financial Implications

- 4.1 Non-compliance with the GDPR could have a serious financial implication for the Council.
- 4.2 Organisations that breach the current Data Protection Act are liable to a fine, capped at £500,000. Under GDPR, organisations are liable to a fine up to 20 million Euros or 4% of turnover, whichever is higher. If a breach involves personal data of an individual, they can also claim damages.
- 4.3 The appointment of our Data Protection Officer will attract a payment of £3,000, which will be met through existing budgets.
- 4.4 Additional support to assist us in meeting the tight deadline will be provided through independent consultancy, for which financial provision has already been made.
- 4.5 There may be a need to recruit additional support to services that struggle with the amount of additional tasks they need to undertake as we get nearer 25 May 2018.

5. Legal Implications

- 5.1 The GDPR is a large document of regulations, over 80 pages. The GDPR reinforces the established legal principle that we can only collect and use personal data if it has a legitimate reason and before collecting or processing personal data, we must make sure it has a proper reason.
- 5.2 The GDPR sets out when the Council can collect or process personal data. The main reasons are:
- We have the consent of the data subject (the person that the data we are collecting is about)
 - Processing is necessary to carry out a contract with the data subject or to take steps to enter into a contract
 - Processing is necessary for compliance with a legal obligation (something we must do by law)

- Processing is necessary so we can do something in particular that is in the public interest or because we are legally allowed to in order to do something that we are responsible for
- Processing is necessary for the purposes of legitimate interests pursued by the controller or a third party, except where such interests are overridden by the interests, rights or freedoms of the data subject (this reason is not applicable to public authorities)

5.3 The GDPR requires that any consent must be freely given, informed and give a clear indication of an individual's wishes. There are also special requirements for consent from children, which will affect some of our services.

5.4 The individual's rights under the GDPR include:

- The right to be informed
- The right of access
- The right to rectification
- The right to erasure
- The right to restrict processing
- The right to data portability
- The right to object; and
- The right not be subject to automated decision making and profiling

6. Human Resource Implications

6.1 The Council has a structure of officer working groups that oversees data protection. The GDPR requires organisations to demonstrate compliance; this includes training, internal audits, data protection by design and the appointment of a Data Protection Officer (DPO).

6.2 In response to the GDPR, the Managing Director has appointed our Principal Corporate Services Solicitor, Joyce Hamilton as DPO. Service Managers will nominate Council staff to be members of the Project Board to work with the DPO and the Information Rights Officer (IRO) to implement GDPR.

6.3 The DPO is not responsible for compliance with GDPR. It is the responsibility of the Council. The DPO will monitor how the Council implements GDPR and will provide advice. The DPO will report on performance to senior management and councillors and will be the Council's link with the Information Commissioner, who oversees data protection nationally.

6.4 There will be briefings and training in the coming months for all staff, councillors and parishes affected by GDPR, that will impact on the Officer Board and other members of our services and staff.

7. Operations

7.1 A Project Board will lead on the implementation of the GDPR. The Board has agreed on its approach to the implementation (gap analysis on the 12 key steps, as outlined in Appendix 1). The Board will update this Committee at each meeting and GDPR will be a standing item on the agenda for meetings of the

Executive/Management Team Liaison Group. A monitoring schedule will be presented to enable the Committee to easily identify progress with implementation.

8. Conclusion

8.1 The GDPR marks a major change in the way we must use and store personal data from 25 May 2018. We must approach the new directive very seriously and ensure that the Council treats individual data relating to customers and staff with the utmost respect and ensure that we are not subject to the financial penalties that will occur if we do not.

8.2 Officers suggest an appropriate governance structure to support the Council, members, officers and other third parties, which is set out in Appendix 1.

9. Background Papers

Regulation (EU) 2016/679 of the European Parliament and of the Council 27 April 2016 (GDPR)
<http://eurlex.europa.eu/legalcontent/EN/TXT/PDF/?uri=CELEX:32016R0679&from=EN>

10. Appendices

Appendix 1: Governance Structure and the 12 steps for the implementation of the GDPR

GDPR Governance Structure

Introduction

In its response to the GDPR, the Council needs two governance structures. The first covering the period of the implementation project and the second for the post-implementation period to ensure high standards are maintained.

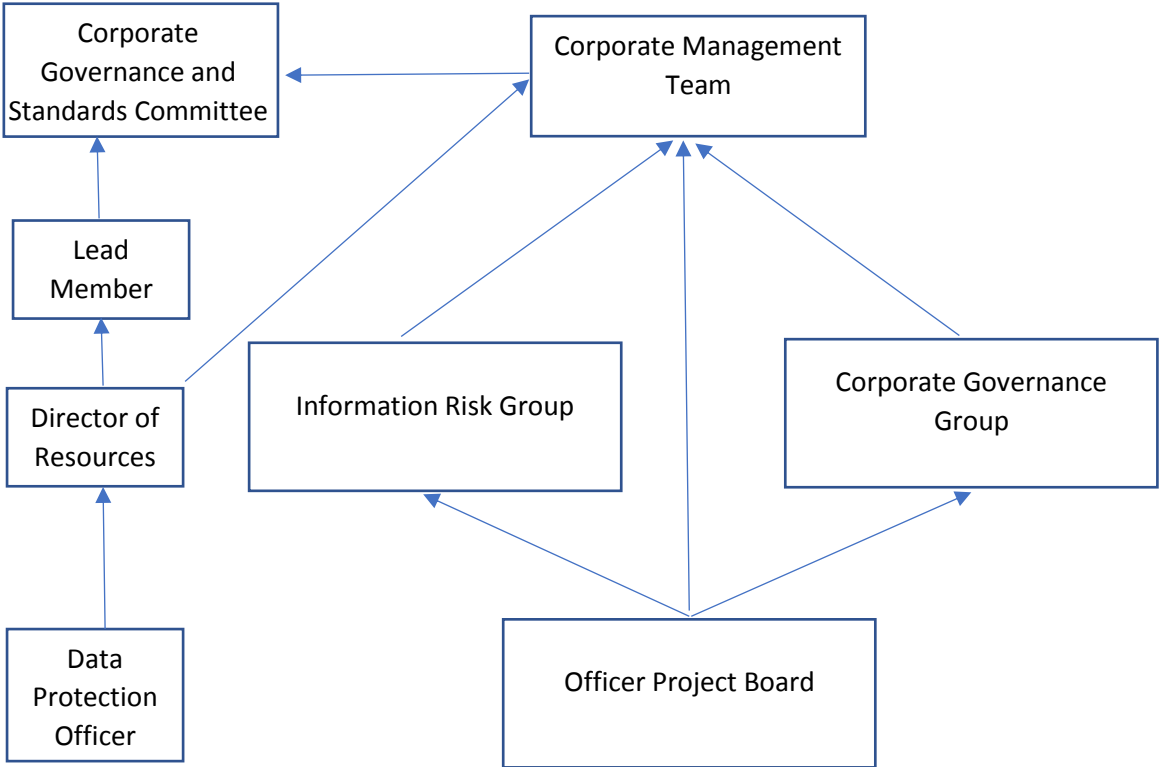
In both phases, there will be a prominent role for the Data Protection Officer (DPO). This is a role that the Council is required to introduce under the GDPR, in common with all public authorities.

Project Period

The governance objectives during this period will be to:

- ensure a successful implementation process so that the requirements of the GDPR are met by the deadline date of 25 May 2018 and
- provide assurance for the Corporate Management Team and Councillors regarding the progress of the implementation project.

The overall layout of the governance arrangements with the various groups and individuals involved is set out below. The diagram includes reporting lines.



The Council already has a structure of officer working groups responsible for the oversight of its governance arrangements. Ultimate responsibility for governance lies with the Corporate Management Team. However, there are two groups already in place to provide support and ongoing monitoring in this area; the Information Risk Group (IRG) and the Corporate Governance Group (CGG).

The Information Risk Group (IRG)

The IRG's role is to oversee the Council's response to all information risks. This includes Data Protection and covers Information Rights and the security of records. The group meets every 6 weeks and its members are:

- Director of Resources/Senior Information Risk Owner (SIRO)
- ICT Manager
- Information Rights Officer
- Chief Internal Auditor
- Principal Corporate Services Solicitor

The Corporate Governance Group (CGG)

The CGG monitors the Council's standards of governance, including information issues. The group meets quarterly and its members are:

- The Head of Paid Service
- Director of Resources
- Chief Finance Officer
- Monitoring Officer
- Deputy Monitoring Officers
- Principal Corporate Services Solicitor
- Democratic Services Manager

The Project Board

For the period of the project, there will be an Officers Project Board. The Board will meet monthly and be chaired by the DPO. The Director of Resources is the Project Sponsor and the Information Assurance Manager will be the Project Manager. The Board members will be:

- DPO (Chair)
- Information Assurance Manager (Project Manager)
- Communications Officer
- Directorate Representatives

The Officer Board will include at least one representative from each directorate. Ideally, these will be officers responsible for record management and/or the administration of the directorate's major systems.

During the project, the GDPR will be a standing item on Corporate Management Team (CMT) and directorate management team agendas. This will allow progress to be monitored at a service level and issues to be raised through departmental representatives to the Project Board.

The project will be managed through Verto (on-line project management resource). This will allow the Project Manager to produce standardised monitoring reports for the IRG, CGG and CMT. These reports will provide the opportunity for questions to be raised and concerns escalated to senior management and councillors where required.

Some group members are part of more than one group. Using Verto will avoid duplication of effort and ensure standardisation of reporting across the Council. The involvement of several groups allows issues and concerns to be addressed from different perspectives to ensure that all aspects are considered.

In addition to the formal group structure, there is a direct reporting line from the DPO, through the Director of Resources to the Lead Member and ultimately the Corporate Governance and Standards Committee. However, if the DPO or Director of Resources has concerns that they consider are not being addressed appropriately, they have authority to report directly to the CMT, the Lead Member or the Committee as appropriate.

While the DPO is not a statutory officer in the same way as the Monitoring Officer, Head of Paid Service or Chief Finance Officer, the role does have similar protections to those functions. Section 4 of the GDPR deals with the role and responsibilities of the DPO. Article 38, *Position of the Data Protection Officer* states that the DPO “shall not be dismissed or penalised by the controller or processor for performing his tasks”.

The same section also requires that the DPO “shall directly report to the highest management level of the controller or processor”.

The governance structure set out above satisfies these requirements.

Business as Usual

After the project is complete and following a successful transition period, the Council will enter the business as usual phase. The governance arrangements will be as those set out in the diagram above, with the exception that there would no longer be a Project Board.

The post of Information Assurance Manager will be a member of the IRG.

The DPO will monitor compliance with the GDPR, provide guidance and advice and act as the Council’s contact point for the Information Commissioner’s Office. The DPO will continue to provide reports to the CMT, IRG and CGG on a regular basis. These will cover the level of compliance with the Regulation and recommendations for improvements.

Some of the day-to-day work in relation to Data Protection will be undertaken by the Information Assurance Manager. In relation to Data Protection, the post-holder will work to standards set by the DPO and there is likely to be some cross-over between the activities of the DPO and the Information Assurance Manager. Certainly, the Information Assurance Manager will be required to provide technical support and advice to the DPO.

The Information Assurance Manager’s substantive post is in ICT and their line manager is the ICT Manager. Appropriate liaison procedures will be established between the DPO and the ICT Manager to ensure that the Information Assurance Manager is able to dedicate enough time to their role in supporting the DPO.

The DPO will be the Council’s Principal Corporate Services Solicitor, providing suitably independent scrutiny of those elements of data management and security that are the direct responsibility of ICT.

The GDPR also requires that there is no conflict of interest between a DPO’s role regarding data protection and any other duties they may have. This precludes the DPO being a member of ICT. Appointing the Principal Corporate Services Solicitor as DPO satisfies this requirement.

It would not be appropriate for the SIRO to also be the DPO. The SIRO provides an independent oversight of the DPO. The Council’s designated SIRO is the Director of Resources and Deputy Managing Director. The GDPR require that the DPO reports directly to the highest management level, which would preclude a member of CMT from being the DPO.

GDPR Action Plan: 12 Key Steps

Step 1: Awareness of the GDPR and its impact

To ensure decision makers and key people in the Council are aware the law is changing and to understand the impact this will have. Launch awareness campaign across the Council and establish a Project Board consisting of key stakeholders.

Step 2: Information we hold

Conduct an information audit. Document the personal data held by the Council, know where the data came from, also who the Council shares it with.

Step 3: Communicating privacy information

Review the Council's current privacy notices and put a plan in place for making any necessary changes in time for GDPR implementation.

Step 4: Individual's rights

Check Council procedures to ensure they cover all the rights individuals will have under the GDPR. For example procedures to cover how the Council would delete personal data or how the Council would provide data electronically and in a commonly used format.

Step 5: Subject Access Requests

Update the Council's procedures and plan how the Council will handle requests within the new timescales.

Step 6: Lawful basis for processing personal data

To identify the lawful basis for the Council's processing activity under the GDPR, to document that and update privacy notices to explain it.

Step 7: Consent

To review how the Council seeks, records and manages consent and decide whether any changes are required.

Step 8: Children

To consider whether the Council needs to put in place systems to verify an individual's age to obtain parental or guardian consent for any data processing activity.

Step 9: Data breaches

To ensure procedures are in place to detect, report and investigate a personal data breach.

Step 10: Data protection by design and Data Protection Impact Assessments (DPIA)

To work out how and when to implement data protection by design and DPIAs within the Council

Step 11: Data Protection Officers (DPO) To designate a DPO to monitor the Council's compliance with the GDPR.

Step 12: International To confirm whether the Council carries out any cross-border processing and if applicable determine the lead data protection supervisory authority.

Corporate Governance and Standards Committee Report

Ward(s) affected: All

Report of the Director of Resources

Author: Sophie Butcher / John Armstrong

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Relevant Lead Councillor: Matt Furniss

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Date: 21 September 2017

Councillor Training and Development Update

Executive Summary

As agreed by the Corporate Governance and Standards Committee, the Councillor Development Steering Group will submit an annual report to consider matters relating to the ongoing councillor training and development programme.

This report outlines the work undertaken by the Steering Group to date, the ongoing training and development programme and the work being carried out in terms of developing a dedicated microsite on the Guildford Borough Council website, for prospective candidates that want to become a councillor, and the recent provision of an online e-learning management system for councillors.

Recommendation to the Committee:

That the Committee notes the valuable work being undertaken by the Councillor Development Steering Group in developing a clear structured plan for councillor development that responds both to the Council's corporate priorities and councillors' individual training needs.

1. Purpose of report

- 1.1 The purpose of this report is to ask the Committee to consider matters relating to the ongoing councillor training and development programme.

2. Strategic Priorities

- 2.1 The training and development of councillors to equip them with the knowledge and skills to enable them to effectively carry out the various roles that they are expected to perform is consistent with the principles of good corporate governance and is referenced in the Annual Governance Statement as part of the arrangements the Council has for delivering good governance. The processes and procedures put in place for councillors' training and development provide a robust framework for responding to future challenges and legislative changes which, in turn, help the Council to deliver on all of its strategic priorities.

3. Background

3.1 Any council that is serious about meeting the needs of its community through its corporate plan priorities must be committed to the ongoing training and development of its councillors. Most councils have some form of support programme in place. However, the approach and levels of commitment and effectiveness vary.

Councillors' Development Steering Group

3.2 It is essential that member development is member-led and, to that end, a small cross party steering group, currently comprising seven councillors¹, supported by Committee Services officers, is responsible for overall co-ordination of member development at Guildford.

3.3 The Steering Group's current terms of reference are:

'To continue to develop a clear structured Action Plan for councillor development that responds to the fundamental themes that support the vision of the Corporate Plan; Our Borough, Our Economy, Our Infrastructure, Our Environment and Our Society.

To continue to support councillors in their ongoing development and training needs particularly with the introduction of new governance arrangements taking effect as of 1 January 2016.'

3.4 The Steering Group meets every three months and the standing items on each agenda include:

- Feedback from Councillor Training Events from the previous quarter
- The ongoing Councillors' Training and Development Programme
- Monitoring of expenditure against the Councillors' Training and Development Budget

Ongoing training and development programme

3.5 As stated in paragraph 3.4 above, the Steering Group considers the ongoing training and development programme for councillors at each of its meetings. Since July 2016, the following training and development events for councillors have been held:

DATE	TITLE OF TRAINING
27 July and 27 Sept 16	Equality, Diversity and Respect Training (cancelled due to non-availability of trainer on both occasions).
12 Oct 16	SANGS Training – Planning Committee
3 Nov 16	Licensing Taxi Training – James Button
30 Nov 16	Practical Skills for Community Engagement – Steve Skinner LGiU (cancelled due to low uptake by members)
17 Jan 17	Equality, Diversity and Respect Training - Munira Thobani LGiU
22 Feb 17	Overview and Scrutiny Training Skills – John Cade
2 Mar 17	Viability Training – Planning Committee – Dixon Searle Partnership

¹ Councillor Colin Cross, Councillor Matt Furniss, Councillor Angela Gunning, Councillor Mike Hurdle (chairman), Councillor Mike Parsons, Councillor Dennis Paul and Councillor Iseult Roche.

DATE	TITLE OF TRAINING
8 Mar 17	Surrey County Highways Training – Planning Committee
20 Mar 17	Speaking Confidently at Meetings – Kevin Wilson LGiU
27 Apr 17	Practical Skills for Community Engagement – Steve Skinner LGiU
10 May 17	Planning Committee briefing on new procedures
29 Jun 17	Dealing with Difficult People – Jacqui Mansell LGiU
12 July 17	Design Training Planning Committee – Design South East
20 July 17	Media Training for Executive Members - Richard Uridge
20 July 17	Time Management and Coping Strategies – Jacqui Mansell LGiU
21 Sep 17	Understanding Treasury Management – Claire Morris

3.6 The current programme is attached as Appendix 1 to this report.

'Becoming a Councillor' section of Guildford Borough Council website

3.7 The Steering Group agreed that we should develop a section on the Guildford Borough Council website about 'Becoming a Councillor'. A microsite has been put together, linking with local.gov.uk, which can host relevant resources and will be maintained by the LGA. The microsite has gone live on the Council's website and can be viewed here:

<https://www.guildford.gov.uk/article/20557/Becoming-a-Councillor>. The Councillor Development Steering Group will be meeting with officers from the LGA, at their next meeting in October, about how to best promote the site leading up to the next local elections in 2019.

E-Learning Modules Learningpool

3.8 The Steering Group agreed that councillors would also find it beneficial to have access to an on-line e-learning management system, hosted by Learning Pool. Courses are written specifically for councillors, covering topics such as:

1. Chairing Meetings
2. Community Leadership
3. Data Protection
4. Equality and Diversity
5. Social Media
6. Public Speaking Skills
7. Safeguarding Adults
8. Safeguarding Children and Young People
9. Working with the Media
10. Your Role as a Councillor

3.9 The online e-learning management system will be available for councillors to use as of 1 September 2017 for a two year period. This will be of particular value to new councillors following the elections in 2019 as well as current councillors by providing an additional learning aid. Councillors' learning can be tracked by officers so as to identify initial uptake and use of the system overall. A welcome email was sent to all councillors on 1 September 2017 with login details.

Dedicated Learning and Development section of Guildford Borough Council website

- 3.10 We are currently looking at creating a dedicated learning and development space on the Council's website that would be password protected for councillors. This would substitute the information currently available on the Loop (intranet) which, following feedback from councillors, is difficult to access.

The Charter for Elected Member Development

- 3.10 The Charter provides a robust, structured framework designed to help councils enhance and hone member development. The Charter is available for councils, police and fire authorities across the south-east region. To date, 19 councils in the South East (outside London) have achieved accreditation.
- 3.11 Guildford achieved full accreditation under the Charter initially in 2013, and were successfully reaccredited on 8 November 2016. We are due an 18 month interim assessment in May 2018 and a full reassessment in November 2019.
- 3.12 The most recent assessment undertaken by South East Employers on 8 November 2016, identified the following core strengths of Guildford's councillor development:
- Top political and management commitment to member development.
 - Member development working group positional leadership (group leaders/cabinet member).
 - Revised councillor development policy.
 - High quality induction / 'Be a Councillor' event – induction evaluated.
 - Political group mentoring in place 2015.
 - Commitment to Personal Development Plans (48%).
 - Learning and development programme shared and regular training sessions linked to corporate priorities.
 - Budget has been increased from £9,820 to £12,000.
- 3.13 The potential future priorities for the Councillor Development Steering Group to work towards are detailed in an Action Plan suggested by South East Employers that is attached as Appendix 2 to this report.

4. Financial Implications

- 4.1 The Councillors' Training and Development budget is £12,000 per annum and the Steering Group oversees and monitors how this is spent throughout the year.
- 4.2 The budget is likely to be over spent this financial year owing to the costs of procuring the online e-learning management system via Learning Pool. The system costs £8,000 for a two-year period, during which we will encourage councillors to use it, and at the end of that period consider whether it represents value for money.
- 4.3 The cost to the Council for assessment under the Charter for Elected Member Development is £2,500, which covers a three-year period and the next payment is due in January 2018.

5. Legal Implications

5.1 There are no legal implications arising from this report.

6. Human Resource Implications

6.1 There are no HR implications arising from this report. All officer support for councillors' development is met through existing staffing resources.

7. Background papers

None

8. Appendices

Appendix 1: Current councillors' training and development programme
Appendix 2: Action Plan

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The Council’s Strategic Framework is set out below. Within the draft programme the link between this framework and each of the planned training events is identified in the column with the appropriate reference.

*Reference	Strategic Framework
V1.	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.
<u>Five fundamental themes that support the achievement of our vision:</u>	
VI1.	Our Borough – ensuring that proportional and managed growth for future generations meets our community and economic needs.
VI2.	Our Economy – improving prosperity for all by enabling a dynamic, productive and sustainable economy that provides jobs and homes for local people.
VI3.	Our Infrastructure – working with partners to deliver the massive improvements needed in the next 20 years, including tackling congestion issues.
VI4.	Our Environment – improving sustainability and protecting our countryside, balancing this with the needs of the rural and wider economy.
VI5.	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.	
<u>Values for our residents</u>	
VA1.	We will strive to be the best Council.
VA2.	We will deliver quality and value for money services.
VA3.	We will help the vulnerable members of our community.
VA4.	We will be open and accountable.
VA5.	We will deliver improvements and enable change across the borough.
<u>Mission – for the Council</u>	
M1	A forward looking, efficiently run Council, working in partnership with others and providing first class services that give the community value for money, now and in the future.

Priority Scale:**High Priority 1-3**

Low Priority 4-6

This plan should

- address development priorities
- set out how, when, where and who is responsible
- take account of access to development opportunities

External	Internal
----------	----------

Page 240	Training	Method	Approx Duration	Who	Priority	Potential Date	Lead Officer	Vision/ Mission/ Core Value or Strategic Priority*	Cost	
	Scrutiny & Challenge									
1.	Overview and Scrutiny Process	<p>A number of training sessions have been held to date with John Cade (Institute of Local Government Studies at the University of Birmingham) in relation to the Overview and Scrutiny process following the implementation of the new governance structure in January 2016. Future training sessions will be organised according to identified need.</p> <p>The Centre for Public Scrutiny (CfPS) is on the councillors section of the loop to signpost councillors to courses which might be of interest to them: http://www.cfps.org.uk/events/</p> <p>The next training session to be held is scheduled on Wednesday 11 October 2017 with John Cade on work programme development and public engagement.</p>								
	Political Understanding									
2.	Local Government Information Unit	The LGiU run an extensive and popular programme of events, training and seminars. A link is provided on the councillors section of	As defined by Councillors own time commitments	All Councillors	3	N/A	Committee Services	M1 VA1 VA4	Costs: TBC	

Appendix

	Training	Method	Approx Duration	Who	Priority	Potential Date	Lead Officer	Vision/ Mission/ Core Value or Strategic Priority*	Cost
		the loop to signpost councillors to courses which might be of interest to them: http://www.lgiu.org.uk/events/							
3.	E-Learning Distance Resources	<p><u>Learning pool</u> Looking to use learning pool to provide an online e-learning facility whereby councillors can access a number of topics at their own pace:</p> <ol style="list-style-type: none"> 1. Chairing meetings 2. Community Leadership 3. Data Protection 4. Equality and Diversity 5. Social Media 6. Public Speaking Skills 7. Safeguarding Adults 8. Safeguarding Children and Young People 9. Working with the Media 10. Your role as a councillor 	As defined by Councillors	All Councillors	3	N/A	Committee Services	M1 VA1 VA4	£8,000 over two years

	Training	Method	Approx Duration	Who	Priority	Potential Date	Lead Officer	Vision/ Mission/ Core Value or Strategic Priority*	Cost
Page 242		The LGA has produced a series of distance learning materials, covering a number of topics, in the form of workbooks and e-learning modules. Both resources are aimed at all councillors and will be particularly useful to new councillors: https://www.local.gov.uk/our-support/highlighting-political-leadership/community-leadership/councillor-workbooks							No costs
	Regulating and Monitoring								
4.	Planning	Prior to every other planning meeting at 6pm, a bite-sized planning training session is organised and facilitated by planning officers or external providers.	30 minutes	Planning Committee members	2	12 July 2017 Design Training – Design South East 6 September 2017 Planning Law – Retrospective Applications – Cornerstone Barristers	Committee Services	M1 VA5 V13	12 July 2017 - £900 plus expenses Other courses – costs to be confirmed

Appendix

	Training	Method	Approx Duration	Who	Priority	Potential Date	Lead Officer	Vision/ Mission/ Core Value or Strategic Priority*	Cost
						4 October 2017 Planning Law Update – Cornerstone Barristers 10 October 2017 Flooding and Sequential Tests Training 29 November 2017 Retail Sequential Test Training			
Page 243	Code of Conduct Training	External Provider TBC	2 hours	All Councillors	2	Date: Wednesday 25 October	Committee Services	M1 VA5 V13	TBC
6.	Data Protection Updates	Ciaran Ward Information Rights Officer	2 hours	All Councillors	2	Date: TBC	Committee Services	M1 VA5 V13	Internal Resource no financial cost
7.	Licensing Act 2003 Refresher Training/Sub-Committee and Regulatory Sub-Committee	Mike Smith Licensing Team Leader	2 hours	All Councillors	2	Date: Prior to Licensing Committee 27 September 2017	Committee Services	M1 VA5 V13	TBC

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Appendix

	Training	Method	Approx Duration	Who	Priority	Potential Date	Lead Officer	Vision/ Mission/ Core Value or Strategic Priority*	Cost
	Communication								
8.	Broadcast Media Training	External Provider ACM Training Richard Uridge	2 hours	All Councillors	2	Date: TBC	Committee Services	V1 VA4 M1	TBC
9.	Chairing Meetings	External Provider LGiU	2 hours	All Councillors	1	Date: TBC	Committee Services	V1 VA4 M1	£650 plus VAT and expenses
	Local Leadership								
10.	Understanding the demands of the role of councillor	Within Political Group Mentoring within Political Groups	As necessary	All Councillors	1	As and when required by Councillors	Councillors on the Councillors Development Steering Group	D1 M1	Internal Resource No financial cost
11.	Dealing with ward issues	Within Political Group Mentoring within Political Groups	As necessary	All Councillors	2	As and when required by Councillors	Councillors on the Councillors Development Steering Group	D1 M1	Internal Resource No financial cost
	Knowledge of the Council								
12.	Local Government Finance (refresher)	Claire Morris Head of Financial Services	2 hours	All Councillors	2	Prior to Corporate Governance and Standards Committee 30 November 2017	Committee Services	VI2 M1 VA2	Internal Resource No financial cost
13.	Treasury Management	Claire Morris Head of Financial Services	2 hours	All Councillors	2	Prior to Corporate Governance and	Committee Services	VI2 M1	Internal Resource

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Appendix

	Training	Method	Approx Duration	Who	Priority	Potential Date	Lead Officer	Vision/ Mission/ Core Value or Strategic Priority*	Cost
	Training	Vicky Worsfold Principal Group Accountant				Standards Committee 21 September 2017		VA2	No financial cost
14.	ICT Drop-In Sessions (I-Pads queries)	ICT Team	1 hour 45 mins	All Councillors	1	Prior to Council meetings	Committee Services	V1 VI1 VA1	Internal Resource No financial cost
15.	-Constitution -Meeting Procedures -Rules for Council Meetings	John Armstrong (Democratic Services Manager)	2 hours	All Councillors	3	Date: TBC	Committee Services	V1 VA1 M1	Internal Resource No financial cost
16.	Housing Advice (allocation, management and homelessness)	Phil O'Dwyer (Director of Community Services)	2 hours	All Councillors	2	Date: TBC	Committee Services	V1 VA1 M1	Internal Resource No financial cost
17.	Prevent Strategy	External and Internal Providers Applied Resilience – Nick Moon. Jonathon Russell, Aisling Brophy and Dawn Nicol ,Community Safety Manager , GBC	2 hours	All Councillors	2	Date: Monday 13 November 2017	Committee Services	VI1 VI5	Costs to be confirmed

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ACTION PLAN

The following actions are derived from South East Employers' suggested improvement areas following the Council's assessment and sets out the ongoing work to maintain the high level of Councillor Development opportunities available to all councillors.

	Action	Timescale	Source/Reason	Responsibility	Completed By
1.	To consider the opportunity for wider group membership and enhanced strategic focus.	May 2017	To ensure that the benefits gained from Member Development since councillors election to the Council are captured in the work of the Councillor Development Steering Group.	Councillor Development Steering Group	The membership of the Group was increased by two members in July 2017. The Group now consists of seven members in total.
2.	To review the current Councillor Role Profiles and include a clear reference to the importance of member development.	December 2018	<p>To ensure that the 'Role Profiles' encourage every member to recognise the importance of participating in the Personal Development Planning process as well as recognising the future role of the councillor both in terms of 'professionalisation' and 'community engagement'.</p> <p>[The Assessment Team did not support the idea of training needs being identified at Political Group meetings and fed back to officers on an informal basis. A more rigorous approach was required whereby councillors had to complete a PDP. For example, officers or an external facilitator could co-ordinate meetings with councillors to facilitate the completion of their PDP].</p>	Councillor Development Steering Group and Committee Services	The group will be imminently working towards a new strategy that encourages councillor engagement in the completion of their Personal Development Plan.

	Action	Timescale	Source/Reason	Responsibility	Completed By
3.	To include in the Councillor Development Work Programme links to leadership development courses hosted by the Local Government Association and Leadership Academy.	2018-19	To ensure that effective succession planning and leadership development systems are in place for councillors.	Councillor Development Steering Group and Committee Services	
4.	To create a feedback form on the loop for those councillors attending external courses and where course materials are available to all councillors.	March 2017	To ensure that learning opportunities are made available to all councillors.	Councillor Development Steering Group and Committee Services	August 2017.
5.	To explore options for increasing councillor attendance levels at training sessions. A potential suggestion is to provide more bite-sized training sessions prior to committee meetings such as the bite-sized training offered prior to Planning Committee meetings.	December 2017	To ensure that training is available to all councillors thereby encouraging more members to attend who have an increasing number of commitments.	Councillor Development Steering Group and Committee Services	We have started to roll out more bite-sized training in relation to Corporate Governance and Standards Committee. We are looking to do the same for the Licensing Committee.
6.	To explore options to monitor the number of councillors viewing training webcasts. To explore options to evaluate councillors' knowledge following viewing training webcasts.	2017-18	To ensure that the webcast of councillor training sessions is a useful alternative means for councillors to access the training information. To also ensure that the training is providing value for money in councillor development. [Modern.gov do provide a system whereby councillors would be issued with a logon to access training webcasts. This would provide a means of monitoring how many and which councillors had viewed a given webcast. This would require an upgrade to our	Councillor Development Steering Group and Committee Services	The Group decided against the additional expense of £1,000 per annum to upgrade our Public-I system to enable officers to monitor councillors viewing training webcasts.

	Action	Timescale	Source/Reason	Responsibility	Completed By
			current system at an approx. cost of £1000 per annum.]		
7.	To create a brand and logo for member development.	2017-18	To ensure that the profile and importance of member development is raised.	Councillor Development Steering Group and Committee Services	Outstanding
8	To consider an application and commitment to the Charter Plus standard.	2019	To demonstrate and build upon the commitment the Council has for the future development of its councillors via the standards set by the Charter Plus.	Councillor Development Steering Group and Committee Services	Outstanding

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Corporate Governance and Standards Committee Report

Ward(s) affected: n/a

Report of Director of Resources

Author: John Armstrong

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Date: 21 September 2017

Corporate Governance and Standards Committee Work Programme

Recommendation

That the Committee considers and approves its updated work programme for the remainder of 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 To enable the Committee to keep its work programme updated.

2. Updated work programme

2.1 The Committee's updated work programme for the remainder of the 2017-18 municipal year 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 updated work programme for the remainder of the 2017-18 municipal year

Corporate Governance and Standards Committee
Draft Work Programme for the remainder of the 2017-18 municipal year

30 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	Corporate Governance and Standards Committee Council	Victoria Worsfold 01483 444834
General Data Protection Regulation (GDPR)	To consider a report on progress with compliance with the GDPR	Corporate Governance and Standards Committee	Joyce Hamilton 01483 444053
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			

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
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	Sarah White 01483 444069
Freedom of Information Compliance - Annual Report 2017	To consider the annual report on the Council's performance in dealing with Freedom of Information requests in 2017.	Corporate Governance and Standards Committee	Ciaran Ward 01483 444072
General Data Protection Regulation (GDPR)	To consider a report on progress with compliance with the GDPR	Corporate Governance and Standards Committee	Joyce Hamilton 01483 444053
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

29 March 2018

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 2017-18	Corporate Governance and Standards Committee	Claire Morris 01483 444827
General Data Protection Regulation (GDPR)	To consider a report on progress with compliance with the GDPR	Corporate Governance and Standards Committee	Joyce Hamilton 01483 444053
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

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