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Contact Officer:

John Armstrong, Democratic Services Manager
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21 March 2018

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, on **THURSDAY, 29 MARCH 2018 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
Councillor Colin Cross
Councillor Mike Hurdle
Councillor Nigel Kears
Councillor Nigel Manning

+Mrs Maria Angel MBE
^Mr Charles Hope
^Ms Geraldine Reffo
^Mr Ian Symes

*Independent member

^ Parish member

Authorised Substitute Members:

Councillor Richard Billington
Councillor Andrew Gomm
Councillor David Goodwin
Councillor Liz Hogger

Councillor Christian Holliday
Councillor Susan Parker
Councillor David Reeve
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 - 6)

To confirm the minutes of the meeting of the Corporate Governance and Standards Committee held on 18 January 2018 (attached).
- 4 DISCUSSIONS WITH THOSE CHARGED WITH GOVERNANCE** (Pages 7 - 16)
- 5 AUDIT REPORT ON THE CERTIFICATION OF FINANCIAL CLAIMS AND RETURNS 2016-17: HOUSING BENEFIT SUBSIDY AND POOLING HOUSING CAPITAL RECEIPTS** (Pages 17 - 26)
- 6 EXTERNAL AUDIT PLAN AND AUDIT UPDATE 2017-18** (Pages 27 - 46)
- 7 FINANCIAL MONITORING 2017-18 PERIOD 10 (APRIL 2017 TO JANUARY 2018)** (Pages 47 - 110)
- 8 ANNUAL REPORT OF THE MONITORING OFFICER REGARDING MISCONDUCT ALLEGATIONS** (Pages 111 - 116)
- 9 LOCAL GOVERNMENT ETHICAL STANDARDS: STAKEHOLDER CONSULTATION** (Pages 117 - 126)
- 10 REVIEW OF THE COUNCIL'S COVERT SURVEILLANCE POLICY** (Pages 127 - 166)
- 11 GENERAL DATA PROTECTION REGULATION (GDPR) UPDATE** (Pages 167 - 168)
- 12 WORK PROGRAMME** (Pages 169 - 176)
- 1**

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CORPORATE GOVERNANCE AND STANDARDS COMMITTEE

18 January 2018

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

- | | |
|-------------------------------------|-----------------------|
| * Councillor Alexandra Chesterfield | * Mrs Maria Angel MBE |
| * 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.

CGS38 APOLOGIES FOR ABSENCE AND NOTIFICATION OF SUBSTITUTE MEMBERS

Apologies for absence were received from Councillor Nigel Manning.

Councillor Andrew Gomm attended as substitute for Councillor Manning.

CGS39 LOCAL CODE OF CONDUCT - DISCLOSURE OF INTERESTS

There were no disclosures of interest.

CGS40 MINUTES

The Committee confirmed as a correct record the minutes of the meeting held on 30 November 2017. The Chairman signed the minutes.

CGS41 FREEDOM OF INFORMATION COMPLIANCE - ANNUAL REPORT 2017

The Committee considered the annual report for 2017 on the monitoring of the Council's performance in dealing with Freedom of Information (FOI) and Environmental Information Regulations (EIR) requests.

The Committee was informed that, for the calendar year 2017, the Council's performance rate for responding to FOI requests within the 20 working day deadline stood at 91.5%, which compared favourably with the figure of 89% recorded at the end of 2016. The Council therefore exceeded both the Information Commissioner's performance indicator of 85%, and the 90% target agreed by the Corporate Management Team.

The Committee also noted the details of the requests received by service area for the year, and also the types of person requesting the information.

Questions and comments from the Lead Councillor and the Committee raised the following points and information:

- In view of the very high level of requests for information submitted by private companies, usually seeking information about the Council's contracts for commercial advantage, it was suggested that a further approach might be made to the Local Government Association or the local MP to make representations to Government about a possible exemption from the requirement to respond to such requests.

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- Plans were in place for putting Fol and EIR responses on the Council's website, which may assist in dealing with the same or similar requests for information in future.

The Committee,

RESOLVED: That the Freedom of Information Compliance Report for 2017 be noted.

Reasons for Decision:

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

CGS42 FINANCIAL MONITORING 2017-18 PERIOD 8 (APRIL TO NOVEMBER 2017)

The Committee considered a report that set out the financial monitoring position for period 8 (April to November 2017).

The report summarised the projected outturn position for the Council's general fund revenue account, based on actual and accrued data for this period. Officers were projecting a reduction in net expenditure on the general fund revenue account of £1,263,353. This was the result of a combination of factors, which included 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 reflected a re-profiling of capital schemes, which also had a positive impact on the level of cash balances and assumed external borrowing costs, which had combined to produce higher than budgeted net interest receipts.

A surplus on the Housing Revenue Account, due to lower staffing and repairs and maintenance costs would enable a projected transfer of £9.15 million to the new build reserve and £2.5 million to the reserve for future capital at year-end, which had been £918,479 higher than budgeted.

Officers were making progress against significant capital projects on the approved programme as outlined in section 7 of the report. The Council was expected to spend £33.3 million on its capital schemes by the end of the financial year.

The Council's underlying need to borrow to finance the capital programme was expected to be £20.2 million by 31 March 2018, against an estimated position of £87.7 million, which was due to slippage on both the approved and provisional capital programme.

The Council held £145.7 million of investments and £242.2 million of external borrowing as at 30 November 2017, which included £193 million of HRA loans. Officers confirmed that the Council had complied with its Prudential indicators in the period, which had been set in February 2017 as part of the Council's Treasury Management Strategy.

During the debate, the Committee made a number of comments, including:

- Clarification on what might constitute 'exceptional circumstances' in the context of the sale of external investments at a loss (para 6.10 of the report) The Chief Finance Officer confirmed that there were no set criteria as such but any decision in contemplation of a sale, would be taken in consultation with the Council's Treasury Management advisors.
- The impact of the slippage on the capital programme, with funding for major schemes being carried forward to 2018-19 or future years. The Chief Finance Officer confirmed that such slippage impacted positively on the revenue account with less being paid by

way of MRP to finance the repayment of debt and increased income from interest. However, slippage on the capital programme could have a negative impact reputationally for the Council in terms of deferred delivery of key corporate priorities.

Having considered the report, the Committee

RESOLVED: That the results of the Council's financial monitoring for the period April to November 2017 be noted.

Reason:

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

CGS43 CAPITAL AND INVESTMENT STRATEGY (2018-19 TO 2021-22)

The Committee considered a report on the Council's capital and investment strategy, which was a new requirement under the revised CIPFA Prudential Code 2018. The report incorporated the position of the current capital programme and the new capital proposals for the period 2018-19 to 2021-22, and the Treasury Management Annual Strategy Report for 2018-19.

These had been previously been presented as separate reports, but were now presented together linking investment both in terms of treasury management and assets. The aim was to avoid duplication between the reports, and to strengthen the link between capital spending and the treasury management function.

CIPFA had also revised the Code of Practice on Treasury Management ('TM Code'), alongside the revision to the Prudential Code, details of which were highlighted in the report.

Due to the timing of the production of the codes, CIPFA had acknowledged that the 2018-19 report would be a year of transition, and that full adoption may not be possible until 2019-20.

The Department for Communities and Local Government (DCLG) was consulting over revisions to their Investment Guidance, which included reference to investments in non-financial assets, and the Minimum Revenue Provision Guidance. The Guidance would retain the requirement for an Investment Strategy to be prepared at least annually for approval by Full Council.

The Council had a duty under the Local Government Act 2003 to have regard to both the CIPFA Codes and the DCLG Guidance.

In relation to the Capital Strategy, the Council sought to demonstrate that capital expenditure and investment decisions were taken in line with service objectives and properly took account of stewardship, value for money, prudence, sustainability and affordability. The Council also needed to demonstrate that it sets out the long-term context in which capital expenditure and investment decisions were made and gave due consideration to both risk and reward and impact on the achievement of priority outcomes.

The capital strategy also provided an overview of how capital expenditure, capital financing and treasury management activity contributed to the provision of services along with an overview of how associated risk was managed and the implications for future financial sustainability.

In relation to the Capital Programme, the Council had a current underlying need to borrow for the General Fund Capital Programme of £323 million. Officers had submitted bids, with a net cost to the Council of £96 million, increasing the underlying need to borrow to £419 million should those proposals be approved for inclusion in the programme. The Committee noted that, due to their commercial sensitivities, details of four of the capital bids had been included in the "Not for Publication" Item 11 attached to the agenda.

The Committee was informed that some capital receipts or revenue streams could arise as a result of investment in particular schemes, but in most cases it was too early to make such

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assumptions, although some information had been included in the capital vision highlighting the potential income.

All projects would be funded by general fund capital receipts, grants and contributions, reserves and finally borrowing. It was not yet known how each scheme would be funded and, in the case of development projects, what the delivery model would be. The capital programme included a number of significant regeneration schemes which, it was assumed, would be financed from the General Fund. However, subject to detailed design of the schemes, there could be scope to fund them from HRA resources rather than General Fund resources in due course. Detailed funding proposals for each scheme would be considered when the Outline Business Case for each scheme was presented to the Executive for approval.

Details of the new capital bids submitted were set out in Appendices 2 and 3 to the report submitted to the Committee, including the impact of proposed capital expenditure on Council Tax. Each of the bids had been evaluated by Corporate Management Team, and reviewed by the Joint Executive Advisory Board Budget Task Group (JEABBTG).

The report had also included details of the Council's Minimum Revenue Provision (MRP) policy and the Prudential Indicators.

In relation to Treasury Management, the Committee noted that officers carried out this function within the parameters set by the Council each year in the Treasury Management Strategy Statement (now the capital and investment strategy), which was included at Appendix 1 to the report, and in accordance with the approved treasury management practices shown in Appendix 11 to the report. The Committee noted the various corrections to Appendix 11, which were set out in the Supplementary Information sheet circulated at the meeting.

The Government's view that the principle of security, liquidity and yield should apply to both financial and non-financial investments, was set out in proposed DCLG guidance (which was currently out for consultation and subject to change).

With an ambitious Corporate Plan and medium to long-term aspirations, the Council was in a good financial position, and had a strong asset base and a good level of reserves. The budget for investment income in 2018-19 was £1.6 million, based on an average investment portfolio of £115 million, at an average rate of 1.63%. The budget for debt interest paid was £6.3 million, of which £5.1 million related to the HRA.

The Committee was advised that the Council was now required to include details of its non-treasury investments in the annual investment strategy. This included asset management, investment properties, investments in subsidiary companies and information on the Council's commercialisation and transformation programmes.

The report had also been considered by the Joint Executive Advisory Board at its meeting on 8 January 2018, and its recommendations were set out in paragraph 9.1 of the report to the Committee.

Following clarification of a number of points of in respect of the Capital and Investment Strategy, the Committee

RESOLVED: That under Section 100A(4) of the Local Government Act 1972 (as amended), the public be excluded from the meeting for consideration of the confidential bids referred to in item 11 on the agenda on the grounds that they involved the likely disclosure of exempt information, as defined in paragraph 3 of Part 1 of Schedule 12A to the Act.

Following the readmission of the public, the Committee

RESOLVED: That the recommendations to the Executive and Council in respect of the Capital and Investment Strategy, as set out in the report submitted to the Committee, be endorsed.

Reason:

To enable the Council at its budget meeting on 7 February 2018, to approve the capital and investment strategy and the treasury and prudential indicators for 2018-19 to 2022-23; and the funding required for the new capital investment proposals.

CGS44 EQUALITY SCHEME

The Committee noted that existing Equality Scheme (formerly named the Single Equality Scheme) and action plan had been developed a number of years ago and consequently now required refreshing.

The Committee considered a report on a revised Scheme and action plan, which had been drafted with the following aims in mind:

- to create simpler and more 'user-friendly' documents
- to restate the Council's legal obligations and how it intended to meet them
- to enable the Council to take stock of the equality and diversity work already being carried out and provide direction for the future
- to provide an opportunity to relaunch the Council's work in this area at a manageable and achievable level.

Whilst it was not a legal requirement to have an equality scheme it enabled the Council to summarise in one place the Council's commitment to equality and diversity and to demonstrate how it would meet the legal obligations set out in the Equality Act 2010.

Having considered the report, the Committee

RESOLVED:

- (1) That the adoption of the Equality Scheme and action plan shown respectively in Appendices 1 and 2 to the report submitted to the Committee, be commended to the Executive, subject to the minor correction to the action plan set out in the Supplementary Information sheet circulated at the meeting.
- (2) That the Committee monitors the implementation of the actions in the action plan on an annual basis.

Reasons:

To assist the Council in meeting its obligations under the Equality Act 2010 and provide a way to measure and evidence work undertaken in this area.

CGS45 GENERAL DATA PROTECTION REGULATION (GDPR) - UPDATE

The Committee received and noted an update report on progress, since the last meeting, on action taken towards implementation of the requirements of the General Data Protection Regulation by 25 May 2018.

The Project Board had met on 20 December 2017 to discuss training and awareness, automated systems, procedures, data protection by design, data sharing, data cleansing, GDPR compliance in respect of the Council's current ICT software suppliers, and the senior leader session that took place 30 November 2017.

Four sub groups of the Project Board were working at a high level focusing on developing corporate processes to comply with the new personal rights that would be available under the new Data Protection Act 2018.

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The Committee was also informed of the recent appointment of the Council's information Assurance Manager (Michael Hynes), who would be responsible for information and data security.

Arrangements for GDPR training for councillors and parish councillors had been provisionally booked for 20 and 13 March 2018 respectively.

In response to comments from the Committee, it was noted that:

- the proposed training for parish councillors on 13 March was also open to parish clerks to attend.
- The issue of whether a parish clerk could act as data protection officer for their parish council would be looked at and reported back to this Committee. It was understood that the essential requirements for a data protection officer were experience and knowledge of data protection law, and having sufficient resource to monitor the organisation's compliance with the requirements of the GDPR. In addition, there could not be a conflict of interest between the role of parish clerk and the data protection officer. It would, however, be permissible for a parish council to appoint an external data protection officer.

The Committee

RESOLVED: That the update report be noted.

Reason:

To review the Council's progress in complying with the GDPR by 25 May 2018.

CGS46 CORPORATE GOVERNANCE AND STANDARDS COMMITTEE - WORK PROGRAMME FOR 2018-19

The Committee, having considered its updated work programme for the remainder of the 2017-18 municipal year, and the work programme for the 2018-19 municipal year

RESOLVED: That the updated work programme for the remainder of the 2017-18 municipal year, subject to the correction set out in the Supplementary Information sheet circulated at the meeting, and the 2018-19 municipal year, as set out in Appendix 1 to the report submitted to the Committee, be approved.

Reason:

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

The meeting finished at 8.20 pm

Signed

Chairman

Date

Corporate Governance and Standards Committee Report

Ward(s) affected: n/a

Report of the Director of Finance

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Date: 29 March 2018

Discussions with Those Charged With Governance

Executive Summary

In carrying out their annual audit of the Council, Grant Thornton comply with the International Standards on Auditing (ISAs) as adopted by the UK Financial Reporting Council (FRC).

ISAs, require the auditor to make inquiries of Those Charged With Governance (TCWG) to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity. These inquiries are made, in part, to corroborate the responses to the inquiries of management.

Grant Thornton has sent the Council a questionnaire setting out their inquiries of TCWG. Officers have prepared a response to the questionnaire, on behalf of the Chairman of the Corporate Governance and Standards Committee. The questionnaire and the Council's proposed responses are set out in **Appendix 1**. The Committee is asked to approve the Council's response.

Recommendation to Committee

That the responses to Grant Thornton provided in the Discussions with Those Charged with Governance document at **Appendix 1** to this report, be approved.

Reason(s) for Recommendation:

To enable the Council's external auditors, Grant Thornton to carry out their duties under the Local Audit and Accountability Act 2014, we are required to provide the auditors with the necessary assurances required under International Standards on Auditing (ISA), particularly, ISA 260, Communication with Those Charged with Governance.

1. Purpose of Report

- 1.1 The purpose of the report is to provide the necessary assurances to the Council's external auditor, Grant Thornton, as required under International Standards on Auditing (ISA) 260. The standards require that the auditors ask those people charged with governance certain questions around internal control and the risk of fraud and error.

2. Strategic Framework

- 2.1 The Council's Corporate Plan 2015-2020 includes the key priority of ensuring long-term financial stability and sound financial governance under the 'Your Council' fundamental theme.

3. Background

- 3.1 In carrying out their annual audit of the Council, Grant Thornton comply with the International Standards on Auditing (ISAs) as adopted by the UK Financial Reporting Council (FRC). Auditing standards for audits of financial statements include objectives for the auditor, together with requirements and related application and other explanatory material.
- 3.2 ISA 260, Communication with Those Charged with Governance, defines the objectives of the auditor which are to:
- (a) communicate clearly with those charged with governance the responsibilities of the auditor in relation to the financial statement audit, and an overview of the planned scope and timing of the audit
 - (b) obtain from those charged with governance information relevant to the audit
 - (c) provide those charged with governance with timely observations arising from the audit that are significant and relevant to their responsibility to oversee the financial reporting process
 - (d) promote effective two-way communication between the auditor and those charged with governance.
- 3.3 Those Charged with Governance (TCWG) is a term used to describe the body or people of an organisation with responsibility for overseeing the strategic direction of the organisation and obligations related to the accountability of the organisation. At Guildford Borough Council, the Council has delegated responsibility to the Corporate Governance and Standards Committee for overseeing the Council's governance arrangements.
- 3.4 Many of the ISAs require the auditor to discuss items with, and seek assurances from, management and TCWG. ISA 260 requires certain discussions with TCWG, to be documented as part of the audit.
- 3.5 The standards set out that the auditor shall communicate with TCWG an overview of the planned scope and timing of the audit and significant findings from the audit. The auditor shall communicate with TCWG:

- (a) the auditor's views about significant qualitative aspects of the entity's accounting practices, including accounting policies, accounting estimates and financial statement disclosures.
 - (b) significant difficulties, if any, encountered during the audit;
 - (c) unless all of TCWG are involved in managing the entity:
 - i. significant matters, if any, arising from the audit that were discussed, or subject to correspondence with management; and
 - ii. written representations the auditor is requesting; and
 - (d) other matters, if any, arising from the audit that, in the auditor's professional judgment, are significant to the oversight of the financial reporting process.
- 3.6 Unless all of TCWG are involved in managing the entity the auditor shall obtain an understanding of how TCWG exercise oversight of management's processes for identifying and responding to the risks of fraud in the entity and the internal control that management has established to mitigate these risks. The auditor shall make inquiries of TCWG to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity. These inquiries are made in part to corroborate the responses to the inquiries of management.
- 3.7 Grant Thornton has sent the Council a questionnaire setting out their inquiries of TCWG. Officers have prepared a response to the questionnaire, on behalf of the Chairman of this Committee. The questionnaire and the Council's proposed responses are set out in **Appendix 1**. The Committee is asked to approve the Council's response.

4. Financial Implications

- 4.1 There are no financial implications to this report

5. Legal Implications

- 5.1 The Local Audit and Accountability Act 2014 ("the Act") states that the accounts of a relevant authority for a financial year must be audited:
- (a) in accordance with the Act and provisions made under it, and
 - (b) by an auditor (a "local auditor") appointed in accordance with the Act or provision made under it.
- 5.2 A local auditor must, in carrying out the auditor's functions in relation to the accounts of a relevant authority, comply with the code of audit practice applicable to the authority that is for the time being in force. The current code of practice for UK Local Government is the Code of Audit Practice issued by the Audit Commission in 2010. The code adopts the International Standards on Auditing (ISAs) as issued by the FRC.

6. Human Resource Implications

6.1 There are no human resource implications to the report

7. Conclusion

7.1 International Standards on Auditing, ISAs, require the auditor to make inquiries of those charged with governance to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity. These inquiries are made in part to corroborate the responses to the inquiries of management.

7.2 Grant Thornton has sent the Council a questionnaire setting out their inquiries of TCWG. Officers have prepared a response to the questionnaire, on behalf of the Chairman of this Committee. The questionnaire and the Council's proposed responses are set out in **Appendix 1**. The Committee is asked to approve the Council's response.

8. Background Papers

None

9. Appendices

Appendix 1: Discussions with Those Charged with Governance

Discussions with Those Charged with Governance

Date

Venue Guildford Borough Council

Present

Item	Description	Comment
a	Have you assessed the risk of material misstatement in the financial statements due to fraud?	<p>Yes Fraud risks are identified as part of each internal audit and in the internal audit planning process. Appropriate controls and checks are in place to assess that they are working as expected. Where there are potential problems with controls such as a lack of separation of duties due to limited resources we would expect to see mitigating management controls in place and the problem would be highlighted in the audit report. The results of each audit are fed into the audit planning database and the risk profile of the service is amended according to audit findings. The results of internal audits are reported to Corporate Governance and Standards Committee bi-annually. We audit high risk areas annually although experience has shown that problems are more likely to occur in the smaller outstations where local working practices become the norm and controls are relaxed.</p> <p>Areas perceived to be highest risk are Housing benefit, Council Tax Income, Business Rates, right to buy housing sales, cash collections and supplier fraud.</p> <p>Management and budgetary controls are designed to limit risk.</p> <p>Also Surrey Chief Accountants group, and Surrey Treasurers share fraud experiences which would highlight any potential fraud.</p> <p>Appropriate officers receive NFAN bulletins on a regular basis which alerts them to potential threats</p>

Item	Description	Comment
b	What are the results of this process?	No significant fraud has been identified for 17-18
c	What processes do you have in place to identify and respond to the risks of fraud?	<p>Each department with financial responsibility has systems of internal control in place. The council is required to provide an annual governance statement to the Corporate Governance and Standards Committee that requires senior management to attest to the internal controls in place. The annual internal audit programme is reviewed by the Corporate Governance and Standards Committee and reports are presented on a regular basis to the committee.</p> <p>In addition, the Council has an officer Corporate Governance group which meets quarterly. The Head of Internal Audit attends the group along with the statutory officers and deputies. Any fraud issues, weaknesses in Internal Control and actions required to address issues are discussed as part of the agenda.</p>
d	Have any specific fraud risks, or areas with a high risk of fraud, been identified, and what has been done to mitigate these risks?	<p>There is always the risk of fraud within an organisation of the size and diversity of Guildford Borough Council. Fraud is included in the audit planning risk process. The risk register is based on value, volume, past history, staff turnover, political sensitivity and the level of change within the service. Fraud risks are identified as part of each audit and we audit high risk areas annually. Audit testing gives assurance that the appropriate controls and checks are in place and working as intended. Experience shows that fraud is more likely to occur in the smaller outstations where local working practices become the norm and controls are relaxed or circumvented. The audit plan includes a rolling programme of reviews of financial controls at the outstations. The other major area of risk is in areas where there is significant change and high staff turnover and we work closely with these services to ensure that any new systems or processes have the necessary control framework. . There are no specific areas that have been drawn to the attention of the Corporate Management Team and the Corporate Governance and Standards Committee.</p> <p>Areas perceived to be highest risk are Housing benefit, Council Tax Income, Business Rates, Right to buy Housing sales, tenancy fraud and supplier fraud but there is an increasing risk of money laundering frauds in the South East given the pressures on housing and the substantial right to buy discounts that are now available. We are tightening our controls in these areas to minimise the risks.</p> <p>To mitigate the risk of tenancy fraud we are working with the government’s Immigration and Enforcement Team and have undertaken a series of training sessions for staff in Housing, Licensing and Customer Services on identifying tenancy fraud and money laundering.</p>

Item	Description	Comment
e	Are internal controls, including segregation of duties, in place and operating effectively?	We believe so. The constitution was revised during 14-15 to update the controls in place and is being maintained through regular reviews as key staff change. A summary of internal audit reports for the first 6 months of the year shows that there were no significant or material control issues and the controls were working as expected. Any issues identified in these audits are being followed up by internal audit. An officer Corporate Governance Group is in place and meets quarterly which includes Monitoring Officer & Deputy, Head of Paid Service, Head of IA, and the two Deputy CFO's.
f	If not, where are the risk areas and what mitigating actions have been taken?	There is an effective control framework in place but the current economic climate means that staffing levels are kept to a minimum and there are sites where separation of duties cannot be enforced because of limited resources. In such cases, mitigating management controls are put in place and this is fed into the audit risk profile of the service. In addition, there have been a number of structural changes and service reviews within the Council and this always increases the risk that internal controls will be overlooked or degrade. We are aware of this risk and Internal Audit will work with managers in the relevant areas to ensure that appropriate operational and management controls are incorporated into any new processes or structures.
g	Are there any areas where there is a potential for override of controls or inappropriate influence over the financial reporting process (for example, because of undue pressure to achieve financial targets)?	Not that we are aware of
h	Are there any areas where there is a potential for misreporting?	Not that we are aware of
i	How do you exercise oversight over management's processes for identifying and responding to risks of fraud?	The Corporate Governance and Standards Committee received regular internal audit progress reports and financial monitoring reports. In addition, the chairman and vice-chairman of the committee are regularly briefed if there are issues. The Council has a system of internal control established through the financial procedure rules. These set out the roles and responsibilities of officers in relation to fraud and financial management.
j	What arrangements are in place to report fraud issues and risks to the Audit Committee?	Any significant incidents of fraud or internal control failures would be drawn to the attention of the Corporate Governance and Standards Committee. The Committee receives a summary of all audit work twice a year including investigations. The Chair of the Committee and the Lead Member for Governance are notified of all material incidents at the point of discovery. The reporting mechanism for reporting any frauds

Item	Description	Comment
		<p>and subsequent investigations includes notifying:</p> <ul style="list-style-type: none"> • the Managing Director • the Monitoring Officer • the relevant Directors and Head of Service • the Chair of the Corporate Governance and Standards Committee • the Lead Member for Governance <p>In addition, the Council has a system of internal control established within the Financial Procedure rules and Code of Conduct, which sets out the roles and responsibilities of officers in relation to fraud and financial management.</p>
k	How do you communicate and encourage ethical behaviour of staff and contractors?	<p>There is an officer corporate governance group which meets quarterly and for which minutes are prepared.</p> <p>There are policies and procedures in place that set out the expectations of staff with regard to their conduct. Codes of Conduct for both officers and Councillors is included in the Council’s Constitution and given to new staff as part of a starter pack. There is a register of interests for staff held within HR to record any conflicts.</p> <p>Councillors, the Corporate Management Team and senior leaders complete declarations of interest as part of the annual related party transaction return, which are checked by the Senior Accountant. Professional Staff also have codes of conduct and ethical codes relating to their professional institutes.</p>
l	How do you encourage staff to report their concerns about fraud?	<p>The Councillors register of interest is held by the monitoring officer and published on our website. The monitoring officer reports a quarterly ethical update to the corporate governance and standards committee.</p> <p>The Council has a whistleblowing policy, Fraud and Corruption Policy and an Anti-Bribery Policy. There is a Code of Conduct for both staff and Councillors and managers are encouraged to come forward with concerns and report any inappropriate behaviour.</p>
m	Have any significant issues been reported? Are you aware of any related party relationships or transactions that could give rise to risks of fraud?	<p>No issues have been reported</p> <p>Not that we are aware of</p>
n	Are you aware of any instances of actual, suspected or alleged fraud, either within the Council as a whole or within specific	No

Item	Description	Comment
	departments since 1 April 2017?	
o	What arrangements do you have in place to prevent and detect non-compliance with laws and regulations?	<p>The council has an internal control and governance framework (the constitution) in place to ensure that it operates in accordance with its legal and regulatory obligations. It also has a Legal Department in place to provide professional assistance. The Legal Services team subscribes to daily on-line and periodic hard copy updates on all aspects of the law which they deal with from time to time and attend formal training sessions on significant or topical developments in law. They arrange appropriate briefings for the relevant client service as necessary.</p> <p>We are not aware of any areas on non-compliance with the Law. The complaints process is the main way of picking up any issues along with the corporate governance group and internal audit review. The Council has a corporate procurement advisory panel which meets quarterly to review procurement practice and look at exemptions and breaches if there are any.</p>
p	How does management gain assurance that all relevant laws and regulations have been complied with?	<p>All decisions made by the Council and its Executive require a report which is reviewed by both the legal team for compliance with laws, and the finance team to assess the accounting and cash flow impact of the decision. The Council's legal team are staffed with appropriately qualified staff, including fully qualified solicitors and are accredited by Lexcel. Legal services circulate a monthly newsletter providing an update for officers on any changes in legislation affecting their service area and the outcome of any recent legal cases showing how case law would be applied.</p> <p>Appropriate training is provided to both Councillors and Officers as necessary.</p>
q	How are you provided with assurance that all relevant laws and regulations have been complied with?	The Corporate Governance and Standards Committee receives an annual governance statement that evidence compliance. There are periodic inspections from external agencies such as the ICO as well as internal audits. The outcomes from these inspections are reported to the Corporate Governance and Standards Committee.
r	Have there been any instances of non-compliance or suspected non-compliance with laws and regulation since 1 April 2017?	The Council reported in its 2016-17 Annual governance statement that we were not fully compliant with the Openness of Local Government Bodies Regulations 2014 and the Government Transparency Code 2015. We feel that we have now made the necessary changes and improvements to our processes to ensure that we are now compliant with these regulations.

Item Description

Comment

The Council is making good progress in implementing the requirements and changes necessary to comply with the General Data Protection Regulations.

Otherwise we believe we are compliant with the law and regulations. We anticipate that any breaches would be picked up through internal reviews and our complaints system.

Appropriate training is provided for all changes in accounting regulations. CIPFA membership ensures that the most recent Codes of Practice are purchased each year together with practitioner notes.

The Legal Services team subscribes to daily on-line and periodic hard copy updates on all aspects of the law which they deal with from time to time and attend formal training sessions on significant or topical developments in law. They arrange appropriate briefings for the relevant client service as necessary

Any potential litigation sent to the Council is forwarded to the legal department who evaluate it. Material litigation would be discussed at the Corporate Governance Group and in CFO meetings. The Council seeks the use of external advice and solicitors where necessary to defend litigation claims.

The accounting treatment is assessed by the finance team at year end. The principal accountant speak to the legal team at year end for composition of contingent liabilities note.

s What arrangements do you have in place to identify, evaluate and account for litigation or claims?

t Are there any actual or potential litigation or claims that would affect the financial statements?

As part of the discussions with Management, the council’s statutory officers have provided an update to the audit team in relation to ongoing legal cases. These disputes are very unlikely to result in any liability for the Council.

u Have there been any reports from other regulatory bodies, such as HMRC, which indicate non-compliance?

None during 2017-18

Corporate Governance and Standards Committee Report

Ward(s) affected: All

Report of Director of Finance

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Date: 29 March 2018

Audit Report on the Certification of Financial Claims and Returns 2016-17: Housing Benefit Subsidy and Pooling Housing Capital Receipts

Executive Summary:

The Council has received an audit report on the certification of financial claims and returns for 2016-17. The audit covers claims returns relating to expenditure of £39.85 million, spanning:

- Housing Benefit Subsidy worth £34.5 million
- Pooling of Housing Capital Receipts worth £5.35 million

Although it has been necessary to qualify the Subsidy claim, the auditor found a minimal number of errors. The auditor's report is very favourable towards the performance of the Benefits service, highlighting the improvements made compared to last year – with no new error types identified, and a reduction in errors found. The auditors carried out a lower volume of additional testing compared to last year and, as a result, there is no additional audit fee to approve, the additional work being covered within the set scale fee.

We have provided assurance to the Department for Work and Pensions (DWP) that we are continuing with our checking regime and looking for ways to reduce errors further.

The auditor had no issues to report in respect of the total capital receipts.

Recommendation to Committee:

That the position regarding the certification of financial claims and returns for 2016-17, be noted.

Reason for Recommendation:

To formally sign off our claims and returns for 2016-17.

1. Purpose of Report

- 1.1 The Council has recently received a report from its external auditors Grant Thornton (GT) regarding their work to certify our financial claims and returns relating to the financial year 2016-17. GT's report is attached at Appendix 1.
- 1.2 The GT report relates to the qualification of our Housing Benefit Subsidy claim and the certification of the Pooling of Housing Capital Receipts.

2. Strategic Priorities

- 2.1 The audit of claims and returns support our values for our residents to deliver quality and value for money services.

3. Background

- 3.1 GT is required to certify certain claims and returns we make. The Local Audit and Accountability Act 2014 gave the Secretary of State power to transfer Audit Commission responsibilities to other bodies.
- 3.2 GT certified the Housing Benefit Subsidy claim relating to our claim of £34.5 million.
- 3.3 We also asked GT to carry out work on our Pooling of Housing Capital Receipts return (£5.35m) in line with the Department for Communities and Local Government's Assurance Instruction. This work was formerly certified under the Audit Commission Act but is now a separate audit-related service.

4. Audit Findings

Pooling Housing Capital Receipts:

- 4.1 GT have no issues to report in respect of the total capital receipts subject to pooling of just over £698,000 or the one-for-one expenditure of £3.184 million.

Housing Benefit Subsidy:

- 4.2 GT identified a number of matters from the certification work, the details of which are contained in *Appendix A* of their report attached at **Appendix 1**. These matters resulted in the Auditor qualifying our subsidy return, but this qualification does not mean that the Council's accounts have to be re-opened having previously been signed off.
- 4.3 For 2016-17, it is pleasing to report a reduction in the number of errors identified compared to the previous year. GT identified no new error types, and three of the five error types from previous years had no further errors identified.
- 4.4 In summary, because the auditors found errors as set out in their report in Appendix 1 the Subsidy claim is qualified. However, these errors did not lead to any amendment of the claim, and DWP confirmed on 12 February 2018 that the full £34.5 million will be paid to the Council.

- 4.5 This is the fifth year running that we have had the subsidy claim qualified. Whilst it is good news that our claim has not changed as a result, the techniques of extrapolation used by GT following DWP guidance could easily count against us in the future, as it did in 2012-13 and 2013-14.
- 4.6 In terms of managing the risks associated with financial claw backs available to the DWP, the current financial year has witnessed severe staffing shortages. These were as a result of retirements of key experienced staff, the advent of HMRC rules regarding the IR35 regime (affecting our ability to retain and recruit suitable agency or contract Benefit Assessors) and the promotion of an Assessor to a role as a trainee accountant.
- 4.7 In mitigation, the Exchequer Services Manager has contracted the *On Demand Assessment Service* from our software supplier Civica, and taken the opportunity to restructure the whole of the former Revenue and Benefits Service to provide greater resilience going forward. This has taken a long while to put together, the unsettling nature of which could adversely affect the subsidy claim this time next year.

5. Advice

- 5.1 The Committee is advised of the following as a broad commentary of the 2016-17 Housing Benefit Subsidy claim:
- 5.2 There are no adjustments to our Subsidy claim this year, despite being qualified.
- 5.3 Unlike the 2015-16 audit, we have not been asked to pay any additional audit fees above the standard fee.
- 5.4 We continue to use an independent audit company to check claims to allow us to take action on any errors found, and thereby minimise the likelihood of auditors finding subsidy errors in future. However, qualification of Subsidy means that the auditors carry out additional testing in subsequent years. This potentially means they will find more errors, creating a virtuous circle. This is illustrated in the current report where no errors were found in the initial 20 case testing, but were identified in the additional sample.
- 5.5 The overall value of the subsidy claim is £34.5 million - the amount of benefit paid to claimants on behalf of the government. From the additional sample, GT identified errors on 15 claims resulting in overpayments totalling £1,800. As there was variation in the errors found GT could not conclude that the rest of the subsidy was correctly stated and therefore qualified it.
- 5.6 The DWP does not have a financial tolerance level. Even 5p per week is expected to be extrapolated across an entire caseload should they need us to do so.
- 5.7 The qualification of the Housing Benefit Subsidy claim does not qualify the Council's financial accounts. Officers are aware that around 70% of councils have been qualified on their subsidy claim, but this does not mean the other 30% are 'perfect'.

- 5.8 It is the nature of the volume and complexity of the work that creates errors, although in view of our workload the percentage of errors financially is minimal. In 2016-17, the Benefits Service processed nearly 2,500 new claims for Housing Benefit and Local Council Tax Support and completed over 25,000 changes in circumstances to claims.
- 5.9 We have taken plenty of steps to improve our competency, using various training methods and education for our Benefit Assessors, but as with any large and complex system, errors are bound to creep in. Overall, they do an excellent job with high accuracy rates, an excellent customer attitude and high levels of tolerance for all of the legislative, administrative and computer changes they have to deal with.
- 5.10 We need to address the errors we make no matter how minor, to avoid qualification of the Housing Benefit subsidy claim in future years. This will be difficult because once the claim is qualified, additional checking is carried out in future years, with the chance of further errors being identified.
- 5.11 The caseload of Housing Benefits claims has changed drastically in recent years and far more claims are received in relation to complex self-employment circumstances than previously. This has resulted in complex calculation of claims but a requirement still exists for good speed of processing for new claims and changes in circumstance to be retained. Although all these factors remain challenging we remain committed to paying people their Housing Benefit quickly, dealing with their changes in circumstances promptly and making sure the right level of benefit is paid on every claim processed. As previously advised, this has become extremely challenging due to staffing changes and will take the best part of 2018 to recover our position.
- 5.12 We have provided assurance to the DWP that we are continuing with our checking regime and looking for ways to reduce errors further.

6. Financial Implications

- 6.1 The financial implications arising from this report are set out in the main text.
- 6.2 The indicator scale fee set by the Audit commission regime for the Council for 2016-17 is £19,993.
- 6.3 We also asked GT to carry out work on our Pooling of Housing Capital Receipts return in line with DCLG'S Assurance Instruction. This work was formerly certified under the Audit Commission Act, but is now a separate audit-related service. We agreed the fee for this work at £1,500.

7. Legal Implications

- 7.1 There are no legal implications arising from this report.

8. Human Resources Implications

8.1 There are no HR implications arising.

9. Conclusion

9.1 The Housing Benefit subsidy claim has been qualified for 5 years and, as a result, Grant Thornton completed additional checking in 2016-17. However, errors made are minimal when considering the considerable workload and, on this occasion, it has made no difference to the Subsidy grant that the DWP pays us. This could change in future years should identified errors result in extrapolated figures meaning we owe the DWP money. We will continue to try to eradicate the errors and remove the HB subsidy claim from qualification in future years.

10. Background Papers

None

11. Appendices

Appendix 1: GT letter and report

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Dear James,

Certification work for Guildford Borough Council for year ended 31 March 2018

We are required to certify the Housing Benefit subsidy claim submitted by Guildford Borough Council ('the Council'). This certification typically takes place six to nine months after the claim period and represents a final but important part of the process to confirm the Council's entitlement to funding.

The Local Audit and Accountability Act 2014 gave the Secretary of State power to transfer Audit Commission responsibilities to other bodies. Public Sector Audit Appointments (PSAA) took on the transitional responsibilities for HB COUNT issued by the Audit Commission in February 2015.

We have certified the Housing Benefit subsidy claim for the financial year 2016/17 relating to subsidy claimed of £34.5 million. Further details are set out in Appendix A.

We identified a number of issues from our certification work which we wish to highlight for your attention. Firstly, no new error types were identified in 2016/17 (only the reoccurrence of issues identified in previous years). Second, the issues identified from our work related to two of the five areas where we identified issues in the previous year. Full details of these areas and the issues identified can be seen in Appendix A.

No amendments have been made as a result of the errors identified, and we reported our findings to the DWP. The DWP may require the Council to undertake further work or provide assurances on the errors we have identified.

The indicative fee for the Council was based on the final 2014/15 certification fees, reflecting the amount of work required by the auditor to certify the Housing Benefit subsidy claim that year. The indicative scale fee set by PSAA for the Council for 2016/17 was £19,993, and we can confirm we are not proposing any additional fees in respect of the 2016/17 work.

Yours sincerely



Grant Thornton UK LLP

Agenda item number: 5
 Appendix 1
 Appendix A - Details of claims and returns certified for 2016/17

Claim or return	Value	Amended?	Amendment value	Qualified?	Comments
Housing Benefits Subsidy Claim	£34,538,814	No	N/A	Yes	See below for detailed comments on the issues identified in this year's Claim Form.

Findings from certification of housing benefits subsidy claim

Tax credits

As in last year, we identified various errors in how payments of child or working tax credits were taken into account in calculating claimants' income and therefore their entitlement to benefit. We identified:

- 4 errors out of 40 cases in receipt of tax credits in respect of HRA rent rebates, leading to an extrapolated overpayment of £170.
- 5 errors out of 40 cases in receipt of tax credits in respect of rent allowances, leading to an extrapolated overpayment of £331.
- 1 error out of 40 cases in receipt of tax credits in respect of HRA rent rebates and 1 error out of 40 cases in receipt of tax credits in respect of rent allowances, which does not have any impact on subsidy.

Incorrect Claimant income

As in previous years, we identified errors in the calculation of claimants' income which affected the calculation of benefit entitlement. We identified:

- 1 error out of 40 cases in receipt of earned income in respect of HRA rent rebates, leading to an extrapolated overpayment of £704.
- 5 errors out of 40 cases in receipt of the income of self-employment in respect of rent allowances, leading to an extrapolated overpayment of £595.
- 1 errors out of 40 cases in receipt of occupational pension income, 1 errors out of 40 cases in receipt of earned income and 1 error out of 40 cases in receipt of self-employment earnings. These resulted in an underpayment of benefit which does not have any impact on subsidy.
- 3 errors out of 40 cases in receipt of self-employment earnings which have no impact on entitlements to benefit or to subsidy.

Software issue

Last year we reported that, in 2014/15, a software bug had been identified which caused two applicable amounts to be applied to a claim. The bug was fixed in 2015/16, and has had no impact on the 2015/16 or 2016/17 claim forms.

Manual ATLAS uploads

Last year we reported that, in 2013/14 and 2014/15, the Council had incorrectly processed ATLAS uploads requiring manual alignment. We did not identify any such errors in 2015/16 and so have not undertaken further specific testing on this area in 2016/17.

Modified schemes

Last year we found that the Council had not applied a fix provided by Civica on a timely basis with the result that a number of claims were incorrectly recorded as modified schemes. Officers were able to review the whole of the population and we agreed the amendment required to the claim as a result.

We did not identify any errors relating to modified schemes this year.

Appendix B: Fees for 2016/17 certification work

Claim or return	2014/15 fee (£)	2016/17 indicative fee (£)	2016/17 actual fee (£)	Variance (£)	Explanation for variances
Housing benefits subsidy claim (BEN01)	£26,425	£19,993	£19,993	£0	N/A – no variance to scale fee identified.

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Corporate Governance and Standards Committee Report

Ward(s) affected: n/a

Report of the Director of Finance

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Lead Councillor responsible: Michael Illman

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Date: 29 March 2018

External Audit Plan 2017-18

Executive Summary

The Council's external auditors, Grant Thornton, have prepared their annual audit plan for 2017-18. The plan, which is attached as **Appendix 1**, details the programme of work that Grant Thornton intend to carry out during 2017-18, the approach they will adopt and significant risks that they will review as part of the audit. Page 11 of the audit plan details the parts of the audit, the dates the work will be carried out, and details the fee that Grant Thornton will charge in respect of the external audit of the Council. The overall fee for the core audit is the same as the fee charged in 2016-17 and is within budget as reported to the Committee at its meeting on 15 June 2017.

For audits of the accounts from 2018-19 Public Sector Audit Appointments (PSAA) are responsible for appointing an auditor to principal local government and police bodies that have chosen to opt into its national auditor appointment arrangements. At its meeting on 6 December 2016, full Council resolved to opt-in to the appointing person arrangements made by PSAA. Grant Thornton UK LLP was successful in winning a contract in the procurement process and have been recommended by PSAA as the Council's auditors for a period of 5 years from 2018-19. This appointment is made under regulation 13 of the Local Audit (Appointing Person) Regulations 2015, and was approved by the PSAA Board at its meeting on 14 December 2017.

Grant Thornton have also been appointed as auditors to nine Surrey Boroughs/Districts and Surrey County Council. There are no issues in respect of independence or any other reasons that would have prevented the appointment of Grant Thornton as auditors.

Recommendation to Committee

The Committee is asked to approve the external audit plan submitted by Grant Thornton, as set out in Appendix 1 to this report, and the fee set out on page 11 of Appendix 1; and to make any comments it feels relevant.

Recommendation to Council (10 April 2018)

That, following conclusion of the tendering exercise conducted through Public Sector Audit Appointments Ltd, Grant Thornton UK LLP be appointed as the Council's auditors for a period of five years commencing with the audit of the 2018-19 Statement of Accounts.

Reasons for Recommendation:

- To enable the Committee to consider and comment on the planned audit fee, work programme and update report
- To comply with regulation 13 of the Local Audit (Appointing Person) Regulations 2015

1. Purpose of Report

- 1.1 This report provides a summary of the proposed external audit fee and the work programme for the audit of the 2017-18 accounts, value for money opinion and the grant certification work as set out in the audit plan attached at **Appendix 1**. Officers recommend that the Committee approves the fee and makes any comment that it feels relevant.
- 1.2 The report also provides an update on the future of external audit following the conclusion of the tendering process conducted by Public Sector Audit Appointments (PSAA) Ltd.

2. Strategic Framework

- 2.1 The 'Your Council' theme within the Corporate Plan 2015-20 sets out the Council's key priorities of improving value for money and efficiency in service delivery, ensuring long-term financial stability and sound financial governance. The annual audit by Grant Thornton contributes to the achievement of those priorities.

3. Background

- 3.1 When the external audit function transferred to private firms in 2012, the Audit Commission proposed that the scale fee (which covers the core audit) would be reduced by 40 per cent and remains the same until the audit for 2016-17. The fee for the 2017-18 core audit will be £57,533; this is the same as the core audit fee for 2016-17 and is the second year that the fees have been held at the same level. The audit plan contains details of the scope of work covered by the core audit fee.
- 3.2 The external auditor charges a separate fee for Grant Certification work. The indicative fee for 2017-18 is £19,993, which is a decrease of £5,006 since 2016-17. The actual fee charged may vary from the indicative fee, depending on the level of work necessary to complete the grant certification work. The certification work covers the audit of the Housing Benefit Subsidy Claim and the decrease in the fee reflects the increase in the level of work required following the qualification of the claim in previous years.

- 3.3 Overall, there is a 6% decrease in audit fees from £82,532 in 2016-17 to £77,526 in 2017-18.

Future of External Audit

- 3.4 At its meeting on 6 December 2016, the Council received a report on the future of external audit and considered three options for the procurement of external audit for 2018-19 onwards. Following a recommendation from the Corporate Governance and Standards Committee, the Council resolved to opt in to the sector led procurement process, through the Local Government Association's (LGA) wholly owned company, Public Sector Audit Appointments (PSAA) Ltd.
- 3.5 Grant Thornton UK LLP was successful in winning a contract in the procurement process and have been recommended by PSAA as the Council's auditors for a period of 5 years from 2018-19. This appointment is made under regulation 13 of the Local Audit (Appointing Person) Regulations 2015, and was approved by the PSAA Board at its meeting on 14 December 2017.
- 3.6 Grant Thornton have also been appointed as auditors to 9 Surrey Boroughs/ Districts and Surrey County Council. There are no issues in respect of independence or any other reasons that would have prevented the appointment of Grant Thornton as auditors.
- 3.7 The Corporate Governance and Standards Committee is asked to consider the recommendation from PSAA Ltd and to recommend to Council the formal approval of Grant Thornton UK LLP as the Council's auditors from 2018-19.

4. Financial Implications

- 4.1 There is budget provision in the 2017-18 estimates for the audit fees and the fees for other services provided by Grant Thornton.

5. Legal Implications

- 5.1 The Local Audit and Accountability Act 2014 states that the accounts of a relevant authority for a financial year must be audited:
- a) in accordance with the Act and provision made under it, and
 - b) by an auditor (a "local auditor") appointed in accordance with the Act or provision made under it.
- 5.2 A local auditor must, in carrying out the auditor's functions in relation to the accounts of a relevant authority, comply with the code of audit practice applicable to the authority that is for the time being in force. The current code of practice for UK Local Government is the Code of Audit Practice issued by the National Audit Office (NAO). The code adopts the International Standards of Auditing (ISAs) as issued by the FRC.

- 5.3 ISA 260, Communication of audit matters with those charged with governance, requires the auditor to outline the audit strategy and plan to deliver the audit. The External Audit Plan at Appendix 1 meets that requirement.
- 5.4 Section 7 of the Local Audit and Accountability Act 2014 requires a relevant authority to appoint a local auditor to audit its accounts for a financial year not later than 31 December in the preceding year. Section 8 governs the procedure for appointment including that the authority must consult and take account of the advice of its auditor panel on the selection and appointment of a local auditor. Section 8 also provides that where a relevant authority is a local authority operating executive arrangements, the function of appointing a local auditor to audit its accounts is not the responsibility of an executive of the authority under those arrangements.
- 5.5 Section 12 makes provision for the failure to appoint a local auditor: the authority must immediately inform the Secretary of State, who may direct the authority to appoint the auditor named in the direction or appoint a local auditor on behalf of the authority.
- 5.6 Section 17 gives the Secretary of State the power to make regulations in relation to an 'appointing person' specified by the Secretary of State. This power has been exercised in the Local Audit (Appointing Person) Regulations 2015 (SI 2015 No. 192) and this gives the Secretary of State the ability to enable a Sector Led Body to become the appointing person.

6. Human Resource Implications

- 6.1 There are no human resource implications to the report

7. Conclusion

- 7.1 The report outlines Grant Thornton's external audit plan for 2017-18. The audit fee has decreased by £5,006 (6%) since 2016-17.

8. Background Papers

None

9. Appendices

Appendix 1: Grant Thornton: The Audit Plan for Guildford Borough Council year ended 31 March 2018

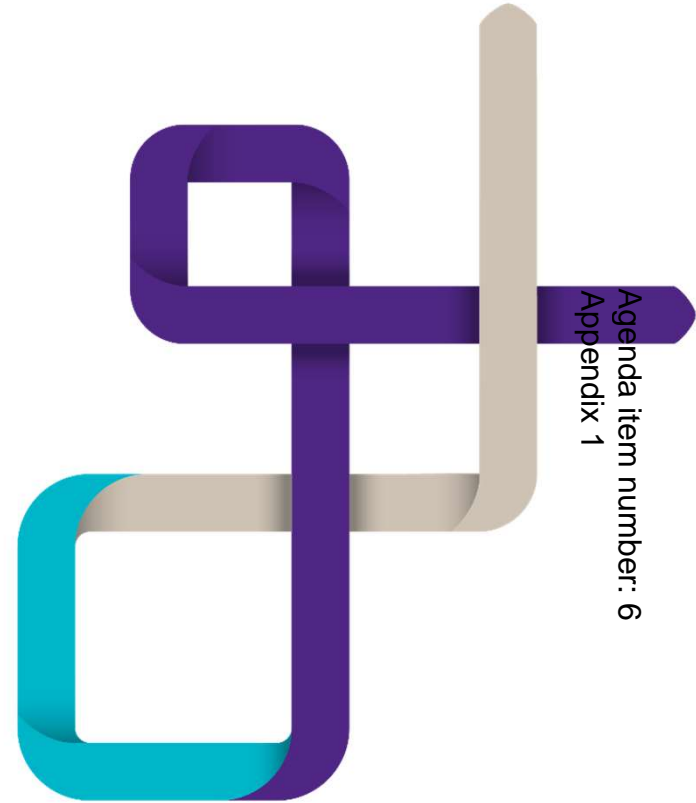
External Audit Plan

Year ending 31 March 2018

Guildford Borough Council

29 March 2018

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Appendix 1

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Section

1. Introduction & headlines
2. Deep business understanding
3. Significant risks identified
4. Reasonably possible risks identified
5. Other matters
6. Materiality
7. Value for Money arrangements
8. Audit logistics, team & audit fees
9. Early close
10. Independence & non-audit services

Appendices

- A. Revised ISAs

The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit planning process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect the Council or any weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. 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.

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Introduction & headlines

Purpose

This document provides an overview of the planned scope and timing of the statutory audit of Guildford Borough Council ('the Council') for those charged with governance.

Respective responsibilities

The National Audit Office ('the NAO') has issued a document entitled Code of Audit Practice ('the Code'). This summarises where the responsibilities of auditors begin and end and what is expected from the audited body. Our respective responsibilities are also set in the Terms of Appointment and Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA), the body responsible for appointing us as auditor of Guildford Borough Council. We draw your attention to both of these documents on the [PSAA website](#).

Scope of our audit

The scope of our audit is set in accordance with the Code and International Standards on Auditing (ISAs) (UK). We are responsible for forming and expressing an opinion on the:

- financial statements (including the Annual Governance Statement) that have been prepared by management with the oversight of those charged with governance (the Corporate Governance and Standards Committee); and
- Value for Money arrangements in place at the Council for securing economy, efficiency and effectiveness in your use of resources.

The audit of the financial statements does not relieve management or the Corporate Governance and Standards Committee of their respective responsibilities. 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 audit approach is based on a thorough understanding of the Council's business and is risk based.

Significant risks

Those risks requiring specific audit consideration and procedures to address the likelihood of a material financial statement error have been identified as:

- Management over-ride of controls
- Valuation of the pension fund assets and liabilities have been incorrectly valued
- Valuation of Property, Plant and Equipment not correct

We will communicate significant findings on these areas as well as any other significant matters arising from the audit to you in our Audit Findings (ISA 260) Report.

Materiality

We have determined planning materiality to be £2.193 million (PY £2.2 million), which equates to 2.00% of your forecast gross expenditure for the year. We are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. Clearly trivial has been set at £0.110 million (PY £0.110 million).

Value for Money arrangements

Our risk assessment regarding your arrangements to secure value for money have identified the following VFM significant risks:

- Medium Term Financial Planning
- General Fund capital programme

Audit logistics

Our interim visit took place in February and our final visit will take place over June and July. Our key deliverables are this Audit Plan and our Audit Findings Report.

Our fee for the audit will be no less than £57,533 (PY: £57,533) for the Council.

Independence

We have complied with the Financial Reporting Council's Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements

Deep business understanding

Changes to service delivery	Changes to financial reporting requirements	Key challenges
<p>Commercialisation</p> <p>The scale of investment activity, primarily in commercial property, has increased as local authorities seek to maximise income generation. These investments are often discharged through a company, partnership or other investment vehicle. Local authorities need to ensure that their commercial activities are presented appropriately, in compliance with the CIPFA Code of Practice and statutory framework, such as the Capital Finance Regulations. Where borrowing to finance these activities, local authorities need to comply with CIPFA's Prudential Code. A new version is due to be published in December 2017.</p>	<p>Devolution</p> <p>The Cities and Local Government Devolution Act 2016 provides the legal framework for the implementation of devolution deals with combined authorities and other areas. While the development of devolved arrangements is still at its embryonic stages in Surrey and surrounding counties, the potential changes to service delivery present challenges and opportunities.</p> <p>Accounts and Audit Regulations 2015 (the Regulations)</p> <p>The Ministry of Housing, Communities & Local Government (MHCLG; formerly The Department of Communities and Local Government (DCLG)) is currently undertaking a review of the Regulations, which may be subject to change. The date for any proposed changes has yet to be confirmed, so it is not yet clear or whether they will apply to the 2017/18 financial statements.</p> <p>Under the 2015 Regulations local authorities are required to publish their accounts along with the auditors opinion by 31 July 2018.</p> <p>Housing Revenue Account (HRA)</p> <p>MHCLG has issued revised guidance on the calculation of the Item 8 Determination for 2017/18, which :</p> <ul style="list-style-type: none"> - extends transitional arrangements for reversing impairment charges and revaluation losses on dwelling assets and applies this principle to non-dwelling assets from 2017/18, - confirms arrangements for charging depreciation to the HRA and permitting revaluation gains that reverse previous impairment and revaluation losses to be adjusted against the HRA. <p>Changes to the CIPFA 2017/18 Accounting Code</p> <p>CIPFA have introduced other minor changes to the 2017/18 Code which confirm the going concern basis for local authorities, and updates for Leases, Service Concession arrangements and financial instruments.</p>	<p>Financial pressures</p> <p>There is likely to be a further reduction in funding from central government and a knock-on impact from cuts to Surrey County Council's budget which in turn will affect Guildford Borough Council. The Council has identified as a cumulative gap of some £3.4 million between projected and budgeted expenditure over the four years to 2021/22.</p> <p>Impacts of Grenfell Tower fire</p> <p>The Grenfell Tower fire disaster in 2017 has led to the identification of approximately 150 high rise buildings in local authority ownership that have failed fire safety tests. Local authorities are expected to make these buildings fire safe. MHCLG are reviewing the current restrictions on the use of the financial resources that prevent local authorities from making essential fire safety upgrades. Guildford Borough Council conducted its own assessment in Summer 2017 and have not identified any properties at risk.</p>

Our response

- We will consider your arrangements for managing and reporting your financial resources as part of our work in reaching our Value for Money conclusion.
- We will consider whether your financial position leads to uncertainty about the going concern assumption and will review any related disclosures in the financial statements.
- We will keep you informed of changes to the Regulations and any associated changes to financial reporting or public inspection requirements for 2017/18 through on-going discussions and invitations to our technical update workshops.
- As part of our opinion on your financial statements, we will consider whether your financial statements reflect the financial reporting changes in the 2017/18 CIPFA Code, revised stock valuation guidance for the HRA and the impact of impairment assessments and the adequacy of provisions in relation to essential work on high rise buildings.
- We will follow up on recommendations made as part of our audit of the financial statements and with respect to work on arrangements to secure Value for Money.

Significant risks identified

Significant risks are defined by professional standards as risks that, in the judgement of the auditor, require special audit consideration because they have a higher risk of material misstatement. Such risks often relate to significant non-routine transactions and judgmental matters. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood.

Risk	Reason for risk identification	Key aspects of our proposed response to the risk
<p>The revenue cycle includes fraudulent transactions</p>	<p>Under ISA (UK) 240 there is a rebuttable 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>Having considered the risk factors set out in ISA240 and the nature of the revenue streams at the 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 • The culture and ethical frameworks of local authorities, including Guildford Borough Council, mean that all forms of fraud are seen as unacceptable <p>Therefore we do not consider this to be a significant risk for Guildford Borough Council.</p>
<p>Management over-ride of controls</p>	<p>Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities. The Council faces external scrutiny of its spending, and this could potentially place management under undue pressure in terms of how they report performance.</p> <p>Management over-ride of controls is a risk requiring special audit consideration.</p>	<p>We will:</p> <ul style="list-style-type: none"> • gain an understanding of the accounting estimates, judgements applied and decisions made by management and consider their reasonableness • obtain a full listing of journal entries, identify and test unusual journal entries for appropriateness • evaluate the rationale for any changes in accounting policies in significant unusual transactions.

Significant risks identified

Risk	Reason for risk identification	Key aspects of our proposed response to the risk
Valuation of property, plant and equipment	<p>The Council revalues its land and buildings on a rolling five-year 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> <p>We identified the valuation of land and buildings revaluations and impairments as a risk requiring special audit consideration.</p>	<ul style="list-style-type: none"> Review of management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work Consideration of the competence, expertise and objectivity of any management experts used. Discussions with the valuer about the basis on which the valuation carried out and challenge of the key assumptions. Review and challenge of the information used by the valuer to ensure it is robust and consistent with our understanding. Testing of a sample of revaluations made during the year to ensure they are input correctly into the Council's asset register Evaluation of the assumptions made by management for those assets not revalued during the year and how management has satisfied themselves that these are not materially different to current value.
Valuation of pension fund net liability	<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 identified the valuation of the pension fund net liability as a risk requiring special audit consideration.</p>	<p>We will:</p> <ul style="list-style-type: none"> Identify the controls put in place by management to ensure that the pension fund liability is not materially misstated. We will also assess whether these controls were implemented as expected and whether they are sufficient to mitigate the risk of material misstatement Evaluate the competence, expertise and objectivity of the actuary who carried out your pension fund valuation. We will gain an understanding of the basis on which the valuation is carried out Undertake procedures to confirm the reasonableness of the actuarial assumptions made. Check the consistency of the pension fund asset and liability and disclosures in notes to the financial statements with the actuarial report from your actuary

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We will communicate significant findings on these areas as well as any other significant matters arising from the audit to you in our Audit Findings Report in July 2018.

Reasonably possible risks identified

Reasonably possible risks (RPRs) are, in the auditor's judgment, other risk areas which the auditor has identified as an area where the likelihood of material misstatement cannot be reduced to remote, without the need for gaining an understanding of the associated control environment, along with the performance of an appropriate level of substantive work. The risk of misstatement for an RPR is lower than that for a significant risk, and they are not considered to be areas that are highly judgmental, or unusual in relation to the day to day activities of the business.

Risk	Reason for risk identification	Key aspects of our proposed response to the risk
Employee remuneration	<p>Payroll expenditure represents a significant percentage (24%) of the Council's operating expenses.</p> <p>As the payroll expenditure comes from a number of individual transactions and an interface with a number of different sub-systems there is a risk that payroll expenditure in the accounts could be understated. We therefore identified completeness of payroll expenses as a risk requiring particular audit attention</p>	<p>We will</p> <ul style="list-style-type: none"> • evaluate the Council's accounting policy for recognition of payroll expenditure for appropriateness; • gain an understanding of the Council's system for accounting for payroll expenditure and evaluate the design of the associated controls; • Perform substantive analytical procedures to identify any unusual fluctuations in remuneration expenditure and substantiate reasons for these
Operating expenses	<p>Non-pay expenses on other goods and services also represents a significant percentage (54%) of the Council's operating expenses. Management uses judgement to estimate accruals of un-invoiced costs.</p> <p>We identified completeness of non- pay expenses as a risk requiring particular audit attention:</p>	<p>We will</p> <ul style="list-style-type: none"> • evaluate the Council's accounting policy for recognition of non-pay expenditure for appropriateness; • gain an understanding of the Council's system for accounting for non-pay expenditure and evaluate the design of the associated controls; • consider the completeness of liabilities through a review of year-end bank statements and other external sources

Other matters

Other work

In addition to our responsibilities under the Code of Practice, we have a number of other audit responsibilities, as follows:

- We carry out work to satisfy ourselves that disclosures made in your Annual Governance Statement are in line with the guidance issued and consistent with our knowledge of the Council.
- We will read your Narrative Statement and check that it is consistent with the financial statements on which we give an opinion and that the disclosures included in it are in line with the requirements of the CIPFA Code of Practice.
- We carry out work on your consolidation schedules for the Whole of Government Accounts process in accordance with NAO group audit instructions.
- We consider our other duties under the Act and the Code, as and when required, including:
 - giving electors the opportunity to raise questions about your 2017/18 financial statements, consider and decide upon any objections received in relation to the 2017/18 financial statements;
 - issue of a report in the public interest; and
 - making a written recommendation to the Council, copied to the Secretary of State.
- We certify completion of our audit.

Other material balances and transactions

Under International Standards on Auditing, "irrespective of the assessed risks of material misstatement, the auditor shall design and perform substantive procedures for each material class of transactions, account balance and disclosure". All other material balances and transaction streams will therefore be audited. However, the procedures will not be as extensive as the procedures adopted for the risks identified in this report.

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) 570). We will review management's assessment of the going concern assumption and evaluate the disclosures in the financial statements.

Materiality

The concept of materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law. 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.

Materiality for planning purposes

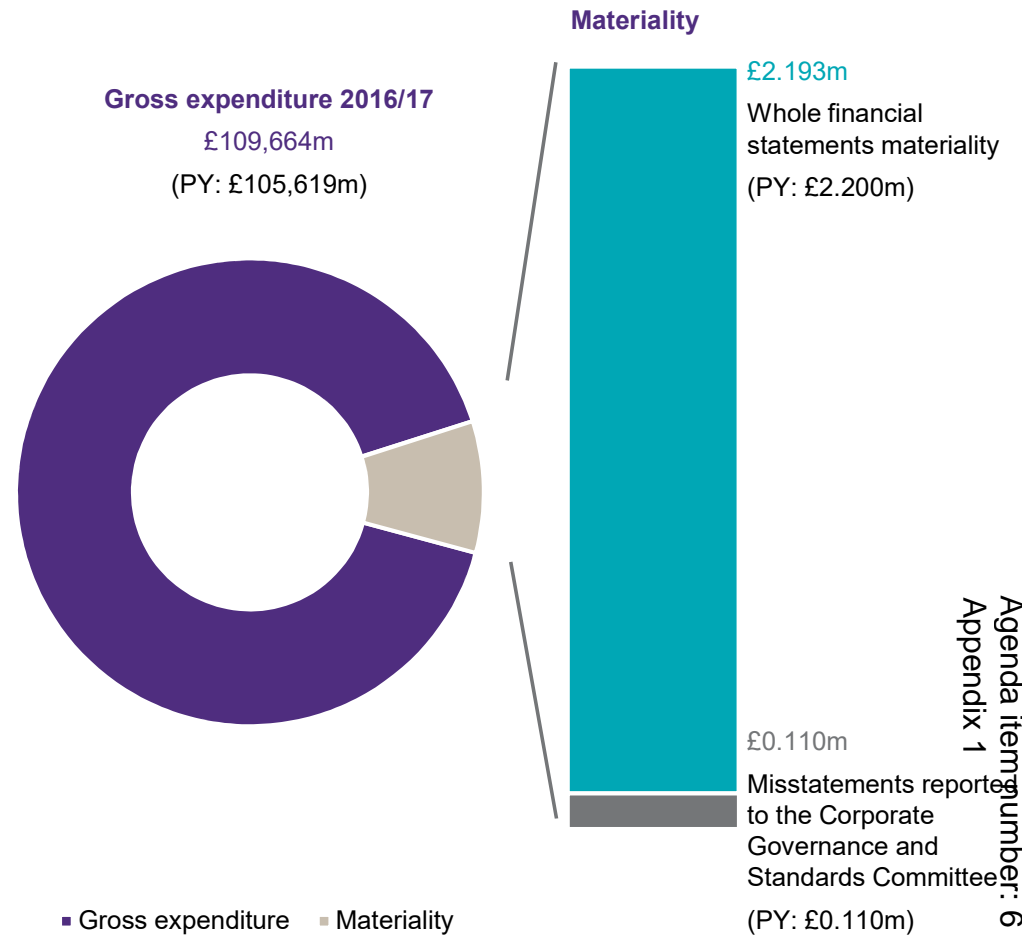
We propose to calculate financial statement materiality based on a proportion of the gross expenditure of the Council for the financial year. In the prior year we used the same benchmark. We have determined planning materiality (the financial statements materiality determined at the planning stage of the audit) to be £2.193 million (PY £2.20 million), which equates to 2.00% of your gross expenditure for the year 2016/17. We design our procedures to detect errors in specific accounts at a lower level of precision.

We reconsider planning materiality if, during the course of our audit engagement, we become aware of facts and circumstances that would have caused us to make a different determination of planning materiality

Matters we will report to the Corporate Governance and Standards Committee

Whilst our audit procedures are designed to identify misstatements which are material to our opinion on the financial statements as a whole, we nevertheless report to the Corporate Governance and Standards Committee any unadjusted misstatements of lesser amounts to the extent that these are identified by our audit work. Under ISA 260 (UK) 'Communication with those charged with governance', we are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. ISA 260 (UK) defines 'clearly trivial' as matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria. In the context of the Council, we propose that an individual difference could normally be considered to be clearly trivial if it is less than £0.110 million (PY £0.110 million).

If management have corrected material misstatements identified during the course of the audit, we will consider whether those corrections should be communicated to the Corporate Governance and Standards Committee to assist it in fulfilling its governance responsibilities.



Value for Money arrangements

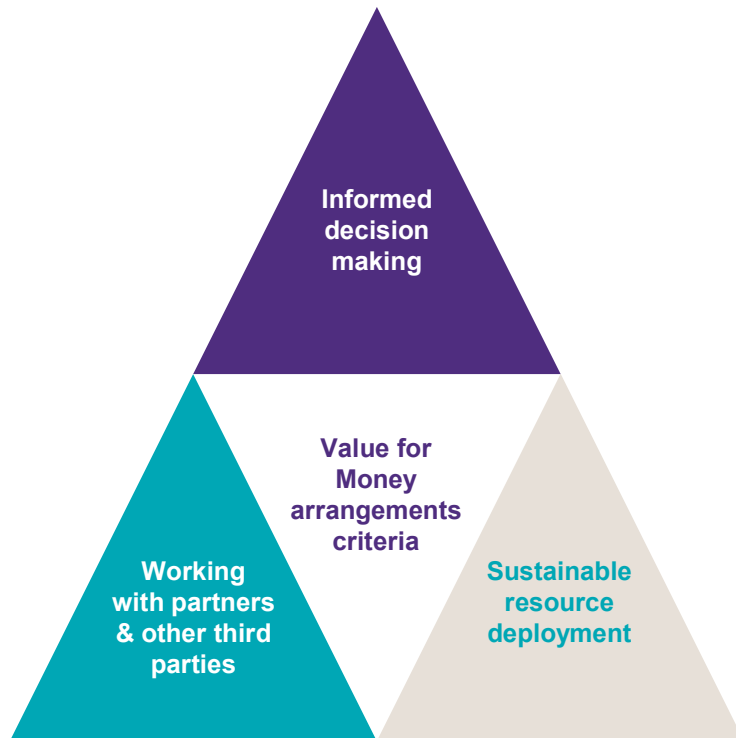
Background to our VFM approach

The NAO issued its guidance for auditors on Value for Money work for 2017/18 in November 2017. The guidance states that for local government bodies, auditors are required to give a conclusion on whether the Council has proper arrangements in place.

The guidance 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.”

This is supported by three sub-criteria, as set out below:



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Significant VFM risks

Those risks requiring specific audit consideration and procedures to address the likelihood that proper arrangements are not in place at the Council to deliver value for money.



Medium Term Financial Planning

The Council has identified a cumulative gap of some £3.4 million between projected resources and budgeted expenditure over the four years to 2021/22. In part, this relies on continuing to deliver the budgeted level of savings from existing projects. 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

We will review the project management and risk assurance frameworks established by the Council to establish how it is identifying, managing and monitoring these risks.



General Fund capital programme

The Council has approved a General Fund Capital Programme for five years to 2022/23. This is an area of considerable spend, with a net cost to the Council of £96 million, and involves decision-making against a backdrop of many variables. The execution and timing of capital expenditure may also have revenue implications.

We will review 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.

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Audit logistics, team & audit fees



Sarah Ironmonger, Engagement Lead

Responsible for overall client relationship, quality control, provision of accounts opinions, meeting with key internal stakeholders, final authorisation of reports. Attendance at Corporate Governance & Standards Committees (supported by Manager as required).

Sebastian Evans, Audit Manager

Responsible for overall audit management over the course of the year, support and review of work performed by Audit Incharge and junior team members. Attendance at Corporate Governance & Standards Committees (alongside Engagement Lead as required).

Sophie Butler, Audit Incharge

Responsible for leading the on-site fieldwork. First point of contact for the co-ordination of fieldwork and supervision of junior team members.

Audit fees

The planned audit fees are no less than £57,533 (PY: £57,533) for the financial statements audit and £19,993 for grants 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'.

In setting your fee, we have assumed that the scope of the audit, and the Council and its activities, do not significantly change.

Our requirements

To ensure the audit is delivered on time and to avoid any additional fees, we have detailed our expectations and requirements in the following section 'Early Close'. If the requirements detailed overleaf are not met, we reserve the right to postpone our audit and charge fees to reimburse us for any additional costs incurred.

Early close

Meeting the early close timeframe

Bringing forward the statutory date for publication of audited local government accounts to 31 July this year, across the whole sector, is a significant challenge for local authorities and auditors alike. For authorities, the time available to prepare the accounts is curtailed, while, as auditors we have a shorter period to complete our work and face an even more significant peak in our workload than previously.

We have carefully planned how we can make the best use of the resources available to us during the final accounts period. As well as increasing the overall level of resources available to deliver audits, we have focused on:

- bringing forward as much work as possible to interim audits
- starting work on final accounts audits as early as possible, by agreeing which authorities will have accounts prepared significantly before the end of May
- seeking further efficiencies in the way we carry out our audits
- working with you to agree detailed plans to make the audits run smoothly, including early agreement of audit dates, working paper and data requirements and early discussions on potentially contentious items.

We are satisfied that, if all these plans are implemented, we will be able to complete your audit and those of our other local government clients in sufficient time to meet the earlier deadline.

Client responsibilities

The early close timeframe requires both finance teams and auditors to work together closely. We expect the agreed plans to be met. Where an individual client does not deliver to the timetable agreed, we need to ensure that this does not impact on audit quality or absorb a disproportionate amount of time, thereby disadvantaging other clients. We will therefore conduct audits in line with the timetable set out in audit plans (as detailed on page 11). Where the elapsed time to complete an audit exceeds that agreed due to a client not being able to meeting its obligations, we will not be able to maintain a team on site. Similarly, where additional resources are needed to complete the audit due to a client not meeting their obligations we are not able to guarantee the delivery of the audit by the statutory deadline. Such audits are unlikely to be re-started until very close to, or after the statutory deadline. In addition, it is highly likely that these audits will incur additional audit fees.

Our requirements

To minimise the risk of a delayed audit or additional audit fees being incurred, you need ensure that you:

- produce draft financial statements of good quality by the deadline you have agreed with us, including all notes, the narrative report and the Annual Governance Statement
- ensure that good quality working papers are available at the start of the audit, in accordance with the working paper requirements schedule that we have shared with you
- ensure that the agreed data reports are available to us at the start of the audit and are reconciled to the values in the accounts, in order to facilitate our selection of samples
- ensure that all appropriate staff are available on site throughout (or as otherwise agreed) the planned period of the audit
- respond promptly and adequately to audit queries.

In return, we will ensure that:

- the audit runs smoothly with the minimum disruption to your staff
- you are kept informed of progress through the use of an issues tracker and weekly meetings during the audit
- we are available to discuss issues with you prior to and during your preparation of the financial statements.

Independence & non-audit services

Auditor independence

Ethical Standards and ISA (UK) 260 require us to give you timely disclosure of all significant facts and matters that may bear upon the integrity, objectivity and independence of the firm or covered persons, relating to our independence. We encourage you to contact us to discuss these or any other independence issues with us. We will also discuss with you if we make additional significant judgements surrounding independence matters.

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 Financial Reporting Council's Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements. Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in December 2016 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

We confirm that we have implemented policies and procedures to meet the requirements of the Ethical Standard. For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the Council.

Non-audit services

The following non-audit services were identified/ No non-audit services were identified

Service	Fees £	Threats	Safeguards
Audit related			
Certification of Housing capital receipts grant	1,500	Self-Interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is £1,500 in comparison to the total fee for the audit of £57,533 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors mitigate the perceived self-interest threat to an acceptable level.
Non-audit related			
Place Analytics and CFO Insights License	14,500	Self-Interest (because this is a recurring fee). Familiarity, advocacy, self-review	The non-audit service is being provided by a completely separate team to minimise the threat of familiarity. Grant Thornton will provide training but not any analysis so there is no threat of advocacy or self-review. Officers at the council will be trained to use the system and have the skills to use the service and will then exercise their own judgement. The annual fee is only 25% of the annual statutory audit fee (£57,533)

The amounts detailed are fees agreed to-date for audit related and non-audit services to be undertaken by Grant Thornton UK LLP in the current financial year. These services are consistent with the Council's policy on the allotment of non-audit work to your auditors. Any changes and full details of all fees charged for audit related and non-audit related services Grant Thornton UK LLP and by Grant Thornton International Limited network member Firms will be included in our Audit Findings report at the conclusion of the audit.

None of the services provided are subject to contingent fees.

Appendices

A. Revised ISAs

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Appendix A: Revised ISAs

Detailed below is a summary of the key changes impacting the auditor's report for audits of financial statement for periods commencing on or after 17 June 2016.

Section of the auditor's report	Description of the requirements
Conclusions relating to going concern	<p>We will be required to conclude and report whether:</p> <ul style="list-style-type: none"> • The directors use of the going concern basis of accounting is appropriate • The directors have disclosed identified material uncertainties that may cast significant doubt about the Council's ability to continue as a going concern.
Material uncertainty related to going concern [replaces conclusions relating to going concern when a material uncertainty is identified and disclosed]	<p>We will need to include a brief description of the events or conditions identified that may cast significant doubt on the Council's ability to continue as a going concern when a material uncertainty has been identified and adequately disclosed in the financial statements.</p> <p>Going concern material uncertainties are no longer reported in an Emphasis of Matter section in our audit report.</p>
Other information	<p>We will be required to include a section on other information which includes:</p> <ul style="list-style-type: none"> • Responsibilities of management and auditors regarding other information • A statement that the opinion on the financial statements does not cover the other information unless required by law or regulation • Reporting inconsistencies or misstatements where identified
Additional responsibilities for directors and the auditor	<p>We will be required to include the respective responsibilities for directors and us, as auditors, regarding going concern.</p>
Format of the report	<p>The opinion section appears first followed by the basis of opinion section.</p>

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Corporate Governance and Standards Committee Report

Ward(s) affected: All

Report of Director of Finance

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: 29 March 2018

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 January 2018.

Officers are projecting a reduction in net expenditure on the general fund revenue account of £1,915,464 (representing 4.33% of its original net budget). This is the result of a combination of factors, which include a reduction in employee and consultancy expenditure across all services, and 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, due to lower staffing and repairs and maintenance costs will enable a projected transfer of £9.61 million to the new build reserve and £2.5 million to the reserve for future capital at year-end. The transfer is £1,377,854 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 £26.3 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 progress in delivering the Council's capital programme.

The Council's underlying need to borrow to finance the capital programme is expected to be £10.9 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 paragraph 7.3 to 7.6 of the report.

The Council held £154.9 million of investments and £239.7 million of external borrowing at 31 January 2018, 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 Council's Treasury Management Strategy.

Recommendation to Committee

That the Committee notes the results of the Council's financial monitoring for the period April 2017 to January 2018 and makes 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 2017 to January 2018.

2. Strategic Priorities

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

3 Background

3.1 The Council regularly undertakes financial monitoring in a number of ways:
(a) two types of general fund revenue budget monitoring report; a full monitor for periods 3, 6, 8 and 10 and a shorter monitor for the other periods (except April) covering key service areas (Industrial Estates, Investment Property, Development Control, Major Projects, Planning Policy, Off Street Parking, Refuse and Recycling, Parks and Countryside). This report covers the period to January 2018 (period 10) and covers all Council services
(b) quarterly monitoring of the capital programme
(c) monthly and quarterly monitoring of its treasury management activity
(d) monitoring at periods 3,6,8 and 10 of the Housing Revenue Account

3.2 The Council's Corporate Management Team (CMT), Chief Finance Officer and deputy, and officer capital programme monitoring group review monitoring reports. Financial monitoring for all services is reported to the Corporate Governance and Standards Committee on a regular basis.

3.3 This report sets out the financial monitoring and covers:

- (a) general fund revenue monitoring (section 4)
- (b) housing revenue account monitoring (section 5)
- (c) treasury management (section 6)
- (d) capital programmes (section 7)

4 General Fund Revenue Account monitoring

- 4.1 **Appendix 1** shows the summary monitoring report for the general fund revenue. Officers have prepared the projected outturn on ten months actual and accrued data.
- 4.2 **Appendix 2** shows detailed information for each service split between direct expenditure and income and indirect costs. We monitor the projected outturn against the revised (or latest) budget as this takes into account any virements or supplementary estimates approved since the original budget was set in February 2017.
- 4.3 At total service unit level, the projected outturn is £1,630,412 lower than the latest estimate. There are items within the contributions to reserves that reverse figures within the service units. When these adjustments are taken into account, the projected outturn is £704,637 lower than the latest estimate.
- 4.4 Following the receipt of dividends for the quarter the return on external funds has been reforecast and net external interest receivable is projected to be £969,694 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 £573,852. This is £654,732 lower than originally 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 £1,915,464 lower than estimate.
- 4.7 The tables below show 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
Conversion of microfiche records (scanning)	28 Nov 2017	Executive	£200,000
TOTAL			£411,750

Virement Record 2017-18

Service/Description	Approved by	Date of Approval	Value
Legal Services	Claire Morris	4 April 2017	£57,280
Joint Enforcement Team	Executive	21 April 2017	£86,600
Science and Arts Festival	Claire Morris	3 May 2017	£20,000
Ward Street Toilets/Stoke Park Nursery (R&M)	Claire Morris	30 August 2017	£68,000
Internal Audit/Business Improvement	Claire Morris	14 Sept 2017	£25,100
Travel and accommodation costs – China visit	Claire Morris	16 October 2017	£5,000
The Village - Site Manager	Claire Morris	18 October 2017	£15,000
The Village - Transformation into events led venue	Council	5 Dec 2017	£631,042
TOTAL			£908,022

- 4.8 Unlike the old formula grant system, not all of the income and payments relating to the Business Rates Retention Scheme are fixed. The tariff and retained income figures do not change from the budgeted amount, but the levy and s31 grant income do. 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 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	732,560	79,668
Contribution to BRRS equalisation reserve	1,958,675	1,960,378	1,703
	<hr/>	<hr/>	
	32,824,967	32,906,338	81,371
BRRS – s31 grant	(633,707)	(715,078)	(81,371)
BRRS – retained income	(35,250,674)	(35,250,674)	0
BRRS – net position	<hr/> (3,059,414)	<hr/> (3,059,414)	<hr/> 0

The table above shows an increase in our payment to the pool and an increased contribution to the equalisation reserve in order to maintain the overall impact on the general fund.

Major Service Variances

4.9 **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. The table below includes only items that have an impact on the bottom line and excludes additional spend financed from a reserve, an approved carry forward or items financed by savings elsewhere in the budget.

	Higher net cost (£000)	Lower net cost (£000)
Community Services		
Gypsy Traveller Sites - repair and maintenance and SCC funding	54	
Corporate Services		
Council & Committee Support - cluster funding/staff attendance		(54)
Committee Services/Democratic Representation – staff vacancies		(46)
Public Relations and Marketing - temporary posts	56	
Development Directorate		
Industrial Estates - rent reviews		(71)
Investment/Other Property – valuation fees, rent/rates/security	108	
Major Projects – underspend net of contributions to/from reserve		(858)
Town Centre Management - profit share WiFi	49	
Environment Directorate		
Electric Theatre - implications arising from change of operator	103	
Guildford House - repair and maintenance		(65)
Cemeteries and Closed Churchyards – R&M and casual staffing	44	
Land Drainage – variation in the anticipated level of works		(61)
Guildhall - repair and maintenance		(45)
Off street Parking - rescheduling of decoration works/season tickets		(433)
Parks and Countryside - traveller costs/contract arrangements	83	
Park and Ride - removal of operating subsidy		(178)
Leisure Management Contract/Glive - adjustment management fee/repairs		(93)
Street Cleansing – staffing and fuel savings		(130)
Management Directorate		
Internal Audit - savings arising from vacancies		(127)
Resources Directorate		
ICT Business Services Team – savings arising from vacancies		(144)
Climate Change – savings arising from vacancies/consultants		(103)
Miscellaneous Items – variation in external grant/corporate inflation		(205)
Office Services – rental income and fire risk assessments	116	

5 Housing Revenue Account

5.1 **Appendix 3** shows the budget monitoring report for the Housing Revenue Account (HRA) for the period April 2017 to January 2018. At this stage of the year, the report shows the HRA gross service expenditure is projected to outturn at 97.4% of the budgeted level, whilst income is projected to be 101.9% of the budgeted level. The projected outturn would enable a transfer of around £12.14 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 £664,740 higher than budgeted.
- It is projected that salary related expenditure; net of temporary staffing, vacancy credit and redundancy costs may result in a saving against budget of up to £268,150.
- Emphasis continues to be on planned rather than responsive maintenance, supported by the benefits accruing from past levels of expenditure on planned capital and revenue maintenance works. At this stage of the year, the projected expenditure is 94.2% of the budgeted level.
- 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. Once the Government have published the Regulations, the requirements around the disposal of High Value properties would come into force.
- Updated investment income projections indicate that interest on HRA balances will exceed the budget by £242,000, whilst interest payable could be £124,500 lower than estimated.

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

5.3 Surrey County Council has recently announced changes to the level of Supporting People grant funding they will provide. The significant reduction in grant takes effect from 1 April 2018, and therefore does not affect the current year's income projections. Officers are currently exploring options to mitigate the impact of the reduction in funding.

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 (£5 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 10.

Loan type		Balance 01 April 17 £000	New loans £000	Loans repaid £000	Balance 31 Jan 18 £000	Weighted average rate of
PWLB						3.10%
Variable		45,000	0	0	45,000	
Fixed	Maturity	147,435	0	0	147,435	
	EIP	920	0	(115)	805	
Local authorities		10,000	0	(5,000)	5,000	1.20%
Total long-term Loans		203,355	0	(5,115)	198,240	
Temporary Loans		30,000	100,000	(88,500)	41,500	0.46%
Total Loans		233,355	100,000	(93,615)	239,740	

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 £1.47 million; the projected outturn is £1.8 million. The gross cash balances representing the Council's reserves and working balances at 31 January 2018 available for investment were £154.9 million and net of short-term borrowing £113.4 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 £5.4 million.
- 6.7 The original net interest receivable budget was £490,000; this is projected to outturn at £1.46 million. This includes more interest receivable of £346,000 due to higher than anticipated cash balances and £585,000 less interest payable due to less anticipated external borrowing. The reduction in external borrowing interest cost includes £64,000 relating to the budgeted loan for Clay Lane link road, £300,000 for Major Projects strategic property capital expenditure and £200,000 loan interest on

short term loans to cover capital expenditure that has now been re-profiled into future years.

6.8 The Council's annualised weighted return on investments for the period to January 2018 was 1.2% against an estimate of 1.713%.

6.9 The table below summarises the Council's investment activity for April to January 2018.

Investment	Principal invested £000	Balance 01 April 17 £000	Movement in investment £000	Change in capital value £000	Balance 31 Jan 18 £000	Weighted average rate of interest
Investment Funds						
Payden & Rygel	5,000	5,025	0	(8)	5,018	0.49%
CCLA	5,000	6,351	0	245	6,596	4.83%
Aberdeen (SWIP)	2,000	1,848	0	(6)	1,842	1.21%
M&G	2,008	2,670	0	98	2,768	2.25%
Schroders	1,000	914	0	7	921	7.38%
Funding Circle	900	870	0	(325)	545	6.18%
UBS	2,500	2,417	0	(24)	2,393	3.06%
City Financial	2,500	2,468	0	(95)	2,373	3.24%
In- House Investments:						
Call Accounts		475	263		738	0.19%
Money Market Funds		1,319	14,819		16,138	0.28%
Notice Accounts		13,000	0		13,000	0.55%
Temporary Fixed Deposits		34,000	1,000		35,000	0.71%
Certificates of Deposit		2,000	1,000		3,000	0.58%
Unsecured bonds		6,824	(1,021)		5,803	0.65%
Covered Bonds		27,736	6,093		33,829	0.96%
Long Term Fixed Deposits		16,500	6,000		22,500	1.55%
Revolving Credit Facility		2,500	0		2,500	2.25%
Total Investments		126,917	28,154		154,962	

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. 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)	Within limit?
Net debt			
Upper limit on fixed interest rates	267,120	113,457	yes
Upper limit on variable interest rates	1,320	(31,361)	yes

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%	24%	-6%
1 to 2 years	20%	0%	-20%
3 to 5 years	35%	0%	-35%
6-10 years	50%	21%	-29%
11 years and above	100%	55%	-45%

- 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 £56.7 million of longer-term investments as at 31 January, of which £33.8 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 under spends 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 The table below summarises the current position on the various strands of the Council's capital programme. Detailed explanation is provided in paragraphs 7.3 to 7.11.

CAPITAL EXPENDITURE SUMMARY	2017-18 Approved £000	2017-18 Revised £000	2017-18 Outturn £000	2017-18 Variance £000
General Fund Capital Expenditure				
- Main Programme	45,916	54,533	21,799	(32,734)
- Provisional schemes	51,850	51,813	1,251	(50,562)
- Schemes funded by reserves	1,573	4,456	2,867	(1,589)
- S106 Projects	440	647	424	(223)
- Affordable Housing (General Fund)	220	0	0	0
Total Expenditure	99,999	111,450	26,341	(85,108)
Housing Revenue Account Capital Expenditure				
Approved programme	12,900	17,279	9,720	(7,560)
Provisional programme	9,070	9,070	0	(9,070)
Total Expenditure	21,970	26,349	9,720	(16,630)

Approved programme (Appendix 4)

- 7.3 Expenditure is expected to be £17.8 million representing a £36.7 million variance to the revised estimate of £54.5 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 £10.3 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 £827,000
- PL11 - Spectrum roof replacement and steel works (£3.2 million) work is progressing on this scheme and is due to complete in 2017-18
- 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. The budget for the full scheme is still on the provisional capital programme.
- P5 – Walnut bridge (£1.834 million) – work is progressing on this scheme which is scheduled to complete in 2018-19
- PL9 – Crematorium rebuild (£500,000) – work is progressing on this scheme which is scheduled for completion in 2019-20
- PL29 - Woodbridge road sportsground (£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.
- P9c – Bedford Wharf (£17.699 million) - this project is being reviewed and spend expected in 2019-20.
- North Downs Housing investment (£4 million) – spend expected in 2018-19.
- ED25 – Guildford Park infrastructure works (£4.5 million) – spend expected in 2018-19.

Provisional programme (Appendix 5)

7.5 Expenditure on the provisional programme is expected to be £1.2 million, against the revised estimate of £51.8 million, representing a variance of £50.5 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 project is:

- 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)
- ED48(p) - Westfield Road/Moorfield Road resurfacing (£3.152 million)
- PL16(p) – New burial ground acquisition and development (£2.458 million)
- PR7(p) – Town Centre transport infrastructure package (£4 million)
- ED38(p) – North Street Development (£29.5 million)

S106 (Appendix 6)

- 7.7 Capital schemes funded from s106 developer contributions are expected to total £424,000.

Reserves (Appendix 7)

- 7.8 Capital schemes funded from the Council's specific reserves. The outturn is anticipated to be £2.87 million. The main projects are:

- expenditure on car parks £1.13 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 £10.9 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 £9.7 million against a revised estimate of £17.2 million as a significant amount that was due to be spent on schemes or projects in 2017-18 will now be carried forward into 2018-19:

- Acquisition of land and building (£2.8 million)
- Appletree pub site (£1.8 million)
- Ladymead (£1 million)
- Garage sites (£1.1 million)

- 7.11 The provisional programme's budget was £9.07 million with no expenditure anticipated this financial year. This programme includes provision for the opportunity purchase of land and housing for development, which is dependent on the availability of suitable sites. Changes to the profiling of expenditure on the Guildford Park redevelopment have also contributed to a position where we anticipate no expenditure in 2017-18.

8 Consultations

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

9 Equality and Diversity Implications

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

10 Financial Implications

- 10.1 The financial implications are contained throughout the report.

11 Legal Implications

- 11.1 The Local Government Act 1972, Section 151 states that each local authority has a statutory duty to make arrangements for the proper administration of their financial affairs. In addition, the Accounts and Audit Regulations 2015 impose an explicit duty on the Council to ensure that financial management is adequate and effective and that they have a sound system of internal control, including arrangements for the management of risk.

- 11.2 Proper administration is not statutorily defined; however, there is guidance, issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) on the responsibilities of the Chief Finance Officer (CFO). This states that local authorities have a corporate responsibility to operate within available resources and the CFO should support the effective governance of the authority through development of corporate governance arrangements, risk management and reporting framework. Regular monitoring of the Council's actual expenditure to budget and forecasting of the expenditure for the full year is part of the proper administration and governance of the Council.

- 11.3 There are no further direct legal implications because of this report.

12 Human Resource Implications

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

13 Summary of Options

- 13.1 This report outlines the anticipated 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 January for the 2017-18 financial year.
- 13.2 Officers are currently projecting a reduction in net expenditure of £1,915,464 on the general fund revenue account. The main reasons for this are set out in the table in paragraph 4.10
- 13.3 The Chief Finance Officer in consultation with the Lead Councillor for Finance will determine the treatment of any balance as part of closing the 2017-18 accounts.
- 13.4 A surplus on the Housing Revenue Account, due to lower staffing and repairs and maintenance costs will enable a transfer of £9.61 million to the new build reserve and £2.5 million to the 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 £22.3 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 £10.9 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 January 2018, the Council had £154.9 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

GENERAL FUND SUMMARY		Original Estimate 2017-18 £	Latest Estimate 2017-18 £	Projection 2017-18 £
Actual 2016-17				
£				
	Directorates - Net Expenditure			
6,393,211	Community Services	6,090,690	6,161,641	5,619,827
4,270,682	Corporate	3,902,760	3,995,150	3,805,499
(4,180,085)	Development	(1,768,150)	(944,989)	(389,912)
8,678,618	Environment	9,884,260	10,304,528	8,870,104
(15,020)	Managing Director	(380,890)	(325,610)	(131,402)
1,943,981	Resources	4,153,060	4,482,088	4,268,280
17,091,387	Total Directorate Level	21,881,730	23,672,808	22,042,396
(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	14,648,998	13,018,586
(1,504,746)	External interest receivable (net)	(490,306)	(866,586)	(1,460,000)
335,723	Minimum Revenue Provision	1,228,584	973,822	573,852
(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	16,670,834	14,047,038
	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)	(1,093,200)
(1,612,295)	Business Rates Equalisation reserve	346,160	346,160	347,012
537,307	Car Park Maintenance reserve	176,470	176,470	300,170
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	606,171
41,729	Insurance reserve	(770)	(770)	(29,599)
297,552	IT Renewals reserve	458,780	458,780	43,980
660,899	Invest to Save reserve	105,960	(94,040)	(271,333)
0	Local Authority Business Growth Incentive reserve	0	0	0
1,039,057	New Homes Bonus reserve	(301,900)	(301,900)	(752,281)
(33,615)	On Street Parking Reserve	(116,030)	(116,030)	153,315
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)	690,682
11,494,204	Total after transfers to and from reserves	16,133,746	16,133,722	14,219,985
	Business Rates Retention Scheme payments			
28,293,585	Business Rates tariff payment	30,213,400	30,213,400	30,213,400
0	Business Rates levy payment	0	0	0
962,125	Business Rates - payment to pool re levy	652,892	652,892	732,560
	Non specific government grants			
(547,876)	s31 grant re BRR scheme	(633,707)	(633,707)	(715,078)
(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	44,201,244	42,285,804
1,469,802	Parish Council Precepts	1,576,106	1,576,106	1,576,106
39,192,602	TOTAL NET BUDGET	45,777,374	45,777,350	43,861,910
(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	10,740,682	8,825,242
	Projected underspend			(1,915,464)

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COMMUNITY SERVICES

	Revised Budget	Projected Outturn	Variance
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SERVICE SUMMARY			
Direct Expenditure	10,539,386	11,334,083	794,697
Income	(6,378,300)	(7,753,462)	(1,375,162)
Total Directly Controllable (Income)/Expenditure	4,161,086	3,580,621	(580,465)
Indirect Expenditure	2,000,555	2,039,206	38,651
Net (Income)/Expenditure	6,161,641	5,619,827	(541,814)

BUILDING MAINTENANCE

Direct Expenditure	2,948,590	3,616,424	667,834	A variation in the level of work undertaken, this additional cost will be recharged to the Housing Revenue Account.
Income	(3,028,850)	(3,696,774)	(667,924)	See above.
Total Directly Controllable (Income)/Expenditure	(80,260)	(80,350)	(90)	
Indirect Expenditure	86,380	86,470	90	
Net (Income)/Expenditure	6,120	6,120	0	

GYPSY CARAVAN SITES

Direct Expenditure	117,810	121,101	3,291	
Income	(197,610)	(146,440)	51,170	Assumed removal of Surrey County Council (SCC) contribution towards site operation costs (discussions are continuing with SCC over long term financial support)
Total Directly Controllable (Income)/Expenditure	(79,800)	(25,339)	54,461	
Indirect Expenditure	12,230	12,376	146	
Net (Income)/Expenditure	(67,570)	(12,963)	54,607	

CITIZENS ADVICE BUREAU

Direct Expenditure	283,420	283,419	(1)
Total Directly Controllable (Income)/Expenditure	283,420	283,419	(1)
Indirect Expenditure	1,190	1,200	10
Net (Income)/Expenditure	284,610	284,619	9

CIVIL EMERGENCIES

Direct Expenditure	62,360	62,568	208
Total Directly Controllable (Income)/Expenditure	62,360	62,568	208
Indirect Expenditure	3,350	3,380	30
Net (Income)/Expenditure	65,710	65,948	238

COMMUNITY SERVICES**COMMUNITY SERVICES**

	Revised Budget	Projected Outturn	Variance	
Direct Expenditure	0	62,316	62,316	Expenditure incurred in 2017-18 will be funded from the Prevention Partnership reserve.
Total Directly Controllable (Income)/Expenditure	0	62,316	62,316	
Net (Income)/Expenditure	0	62,316	62,316	

DAY SERVICES

Direct Expenditure	621,980	611,150	(10,830)	The salary savings identified in the Business Improvement team review of £50,000 will be achieved. However this is partly offset by an unmet vacancy credit of £11,200, increased costs arising from job evaluation and additional repairs and maintenance of £12,500 relating to Park Barn and Shawfield Community Centres.
Income	(200,140)	(219,906)	(19,766)	Higher than budgeted sales income.
Total Directly Controllable (Income)/Expenditure	421,840	391,244	(30,596)	
Indirect Expenditure	154,220	154,342	122	
Net (Income)/Expenditure	576,060	545,586	(30,474)	

EMERGENCY COMMUNICATIONS SYSTEM

Direct Expenditure	253,270	262,543	9,273	
Income	(368,870)	(386,721)	(17,851)	
Total Directly Controllable (Income)/Expenditure	(115,600)	(124,178)	(8,578)	
Indirect Expenditure	56,050	56,110	60	
Net (Income)/Expenditure	(59,550)	(68,068)	(8,518)	

EMI SERVICES

Direct Expenditure	272,074	276,771	4,697	
Income	(183,870)	(145,166)	38,704	The grant support received from Surrey County Council was reduced by £45,000 after the 2017-18 budget was finalised.
Total Directly Controllable (Income)/Expenditure	88,204	131,605	43,401	
Indirect Expenditure	19,056	19,096	40	
Net (Income)/Expenditure	107,260	150,701	43,441	

COMMUNITY SERVICES

Revised Projected Variance

Budget Outturn

ENVIRONMENTAL CONTROL

Direct Expenditure	378,070	442,847	64,777	Employee related costs are expected to be £20,000 over budget, due to changes in salary allocations, use of agency staff and unmet vacancy credit. Joint procurement funding totalling £25,000 has been paid to Surrey Heath Borough Council (grant receipt included in income) it is currently assumed that the remaining balance of £25,000 will be transferred to reserve at year-end to support Air Quality projects in 2018-19. Air quality monitoring costs totalling £10,700 will be funded from reserves in 2017-18. It is assumed Tongham Air Quality costs of £9,000 to be recovered from Planning services.
Income	(24,180)	(73,991)	(49,811)	Grant totalling £50,000 is included from the Department for Environment, Food & Rural Affairs in respect of joint air quality monitoring with Surrey Heath Borough Council (see expenditure)
Total Directly Controllable (Income)/Expenditure	353,890	368,856	14,966	
Indirect Expenditure	63,770	65,984	2,214	
Net (Income)/Expenditure	417,660	434,840	17,180	

SURREY FAMILY SUPPORT PROGRAMME

Direct Expenditure	317,340	391,437	74,097	Additional expenditure will be funded from reserve.
Income	(240,000)	(445,908)	(205,908)	The profiling of grant support will be equalised by the use of the reserve.
Total Directly Controllable (Income)/Expenditure	77,340	(54,471)	(131,811)	
Indirect Expenditure	55,900	55,910	10	
Net (Income)/Expenditure	133,240	1,439	(131,801)	

FOOD AND SAFETY SERVICES

Direct Expenditure	308,420	306,094	(2,326)
Income	0	(30)	(30)
Total Directly Controllable (Income)/Expenditure	308,420	306,064	(2,356)
Indirect Expenditure	82,450	82,450	0
Net (Income)/Expenditure	390,870	388,514	(2,356)

HEALTH AND SAFETY

Direct Expenditure	131,380	133,056	1,676
Income	(147,690)	(147,690)	0
Total Directly Controllable (Income)/Expenditure	(16,310)	(14,634)	1,676
Indirect Expenditure	16,520	16,530	10
Net (Income)/Expenditure	210	1,896	1,686

COMMUNITY SERVICES	Revised Budget	Projected Outturn	Variance
HOUSING SURVEYING SERVICES			
Direct Expenditure	719,400	688,564	(30,836)
Income	(823,050)	(792,274)	30,776
Total Directly Controllable (Income)/Expenditure	(103,650)	(103,710)	(60)
Indirect Expenditure	97,950	98,010	60
Net (Income)/Expenditure	(5,700)	(5,700)	0

GRANTS TO VOLUNTARY ORGANISATIONS - HOUSING AND COMMUNITY

Direct Expenditure	505,960	474,465	(31,495)	Funding to support market rent for Wey Valley Bowls Club will not be required this financial year, as the lease establishing a market rent will not be signed in the current financial year.
Income	(62,000)	(60,000)	2,000	
Total Directly Controllable (Income)/Expenditure	443,960	414,465	(29,495)	
Indirect Expenditure	5,210	5,220	10	
Net (Income)/Expenditure	449,170	419,685	(29,485)	

HOME FARM ESTATE, EFFINGHAM

Direct Expenditure	40,420	27,296	(13,124)
Income	(12,040)	(11,202)	838
Total Directly Controllable (Income)/Expenditure	28,380	16,094	(12,286)
Indirect Expenditure	16,710	20,813	4,103
Net (Income)/Expenditure	45,090	36,907	(8,183)

HOMELESSNESS AND EMERGENCY ACCOMMODATION

Direct Expenditure	759,708	688,183	(71,525)	Savings resulting from unfilled vacancies.
Income	(9,000)	(475,065)	(466,065)	DCLG grant totalling £465,000 will be transferred to reserve at year-end.
Total Directly Controllable (Income)/Expenditure	750,708	213,118	(537,590)	
Indirect Expenditure	92,812	92,652	(160)	
Net (Income)/Expenditure	843,520	305,770	(537,750)	

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

COMMUNITY SERVICES

	Revised Budget	Projected Outturn	Variance
AFFORDABLE HOUSING DEVELOPMENT			
Direct Expenditure	169,890	153,121	(16,769)
Total Directly Controllable (Income)/Expenditure	169,890	153,121	(16,769)
Indirect Expenditure	287,570	287,620	50
Net (Income)/Expenditure	457,460	440,741	(16,719)

LICENSING SERVICES

Direct Expenditure	186,150	205,206	19,056	There are additional salary costs of £14,600 resulting from the use of agency staff and vacancy credit will not be met of £4,800.
Income	(164,210)	(170,951)	(6,741)	
Total Directly Controllable (Income)/Expenditure	21,940	34,255	12,315	
Indirect Expenditure	71,360	71,490	130	
Net (Income)/Expenditure	93,300	105,745	12,445	

COMMUNITY MEALS AND TPT

Direct Expenditure	771,960	778,707	6,747	Additional grant from Surrey County Council received of £37,000 for the Community Transport Scheme, offset by anticipated reduction in refreshments sales of £21,000.
Income	(276,190)	(292,530)	(16,340)	
Total Directly Controllable (Income)/Expenditure	495,770	486,177	(9,593)	
Indirect Expenditure	68,730	68,800	70	
Net (Income)/Expenditure	564,500	554,977	(9,523)	

HOUSING OUTSIDE THE HRA

Direct Expenditure	3,130	6,673	3,543
Income	(24,790)	(21,229)	3,561
Total Directly Controllable (Income)/Expenditure	(21,660)	(14,556)	7,104
Indirect Expenditure	47,840	60,078	12,238
Net (Income)/Expenditure	26,180	45,522	19,342

PEST CONTROL

Direct Expenditure	71,800	51,759	(20,041)
Income	(61,500)	(52,723)	8,777
Total Directly Controllable (Income)/Expenditure	10,300	(964)	(11,264)
Indirect Expenditure	9,690	9,700	10
Net (Income)/Expenditure	19,990	8,736	(11,254)

COMMUNITY SERVICES**PRIVATE SECTOR HOUSING**

	Revised Budget	Projected Outturn	Variance	
Direct Expenditure	626,190	655,155	28,965	Increase in direct costs reflecting higher than budgeted use of the service.
Income	(290,130)	(346,201)	(56,071)	The Fee Income is higher than budget by £47,200, due to increased demand.

Total Directly Controllable (Income)/Expenditure	336,060	308,954	(27,106)
Indirect Expenditure	630,350	630,420	70
Net (Income)/Expenditure	966,410	939,374	(27,036)

PROJECT ASPIRE

Direct Expenditure	0	41,155	41,155	This expenditure will be funded from reserve.
Income	0	(5,000)	(5,000)	

Total Directly Controllable (Income)/Expenditure	0	36,155	36,155
Net (Income)/Expenditure	0	36,155	36,155

PUBLIC HEALTH

Direct Expenditure	75,360	71,415	(3,945)
Total Directly Controllable (Income)/Expenditure	75,360	71,415	(3,945)
Indirect Expenditure	6,580	6,590	10
Net (Income)/Expenditure	81,940	78,005	(3,935)

COMMUNITY SAFETY WARDENS

Direct Expenditure	357,000	352,704	(4,296)
Income	0	(314)	(314)
Total Directly Controllable (Income)/Expenditure	357,000	352,390	(4,610)
Indirect Expenditure	40,210	40,250	40
Net (Income)/Expenditure	397,210	392,640	(4,570)

TAXI LICENSING AND PRIVATE HIRE VEHICLES

Direct Expenditure	187,224	187,786	562
Income	(175,320)	(162,749)	12,571
Total Directly Controllable (Income)/Expenditure	11,904	25,037	13,133
Indirect Expenditure	56,057	75,295	19,238
Net (Income)/Expenditure	67,961	100,332	32,371

WOKING ROAD DEPOT STORES

Direct Expenditure	70,480	82,168	11,688
Income	(88,860)	(100,598)	(11,738)
Total Directly Controllable (Income)/Expenditure	(18,380)	(18,430)	(50)
Indirect Expenditure	18,370	18,420	50
Net (Income)/Expenditure	(10)	(10)	0

CORPORATE SERVICES	Revised Budget	Projected Outturn	Variance
SERVICE SUMMARY			
Direct Expenditure	5,235,595	5,241,547	5,952
Income	(2,697,305)	(2,898,959)	(201,654)
Total Directly Controllable (Income)/Expenditure	2,538,290	2,342,588	(195,702)
Indirect Expenditure	1,456,860	1,462,911	6,051
Net (Income)/Expenditure	3,995,150	3,805,499	(189,651)

ACCESS GROUP FOR GUILDFORD

Direct Expenditure	1,900	2,841	941
Total Directly Controllable (Income)/Expenditure	1,900	2,841	941
Indirect Expenditure	2,340	2,340	0
Net (Income)/Expenditure	4,240	5,181	941

CIVIC EXPENSES

Direct Expenditure	188,210	199,493	11,283	A higher than anticipated number of promotional events have been held in the Borough, which has resulted in a £18,000 increase in costs.
Income	0	(934)	(934)	
Total Directly Controllable (Income)/Expenditure	188,210	198,559	10,349	
Indirect Expenditure	22,600	22,600	0	
Net (Income)/Expenditure	210,810	221,159	10,349	

COMMUNITY DEVELOPMENT

Direct Expenditure	291,160	320,584	29,424	Redundancy costs totalling £20,900 arising from a service restructure will be funded from the invest to save reserve.
Income	(15,000)	(30,669)	(15,669)	Additional grant of £10,000 received for Safer Guildford Partnership.
Total Directly Controllable (Income)/Expenditure	276,160	289,915	13,755	
Indirect Expenditure	41,340	41,380	40	
Net (Income)/Expenditure	317,500	331,295	13,795	

COUNCIL AND COMMITTEE SUPPORT

Direct Expenditure	260,460	204,125	(56,335)	The Cluster funding agreement has been withdrawn by County and Guildford Borough Council, resulting in an underspend of £35,000. Reduction in the staff committee attendance allowance of £11,400 and printing services recharges of £8,900 due to reduced number of meetings.
Income	(36,550)	(36,692)	(142)	
Total Directly Controllable (Income)/Expenditure	223,910	167,433	(56,477)	
Indirect Expenditure	248,860	248,880	20	
Net (Income)/Expenditure	472,770	416,313	(56,457)	

CORPORATE SERVICES	Revised Budget	Projected Outturn	Variance
CORPORATE SERVICES			
Direct Expenditure	662,650	660,925	(1,725)
Income	(118,240)	(113,313)	4,927
Total Directly Controllable (Income)/Expenditure	544,410	547,612	3,202
Indirect Expenditure	370,550	376,371	5,821
Net (Income)/Expenditure	914,960	923,983	9,023

COMMITTEE SERVICES

Direct Expenditure	182,950	155,326	(27,624)	Vacant posts within the service will remain unfilled totalling £25,000, this relates to the programme of staff savings agreement as part of the 2017-18 budget.
Income	(225,820)	(225,870)	(50)	
Total Directly Controllable (Income)/Expenditure	(42,870)	(70,544)	(27,674)	
Indirect Expenditure	41,690	41,700	10	
Net (Income)/Expenditure	(1,180)	(28,844)	(27,664)	

DEMOCRATIC REPRESENTATION AND MANAGEMENT

Direct Expenditure	714,610	667,685	(46,925)	Vacant posts within the service will remain unfilled totalling £41,400, this relates to the programme of staff savings agreement as part of the 2017-18 budget.
Income	(108,470)	(108,430)	40	
Total Directly Controllable (Income)/Expenditure	606,140	559,255	(46,885)	
Indirect Expenditure	334,870	334,880	10	
Net (Income)/Expenditure	941,010	894,135	(46,875)	

ELECTIONS

Direct Expenditure	85,290	81,408	(3,882)
Total Directly Controllable (Income)/Expenditure	85,290	81,408	(3,882)
Indirect Expenditure	17,820	17,840	20
Net (Income)/Expenditure	103,110	99,248	(3,862)

ELECTORAL REGISTRATION

Direct Expenditure	318,730	233,468	(85,262)	Anticipated reduction in the costs surrounding Individual Electoral Registration (IER) will be carried forward into 2018-19 estimates.
Income	(3,000)	(32,615)	(29,615)	Grant in respect of Individual Electoral Registration
Total Directly Controllable (Income)/Expenditure	315,730	200,853	(114,877)	
Indirect Expenditure	41,840	41,840	0	
Net (Income)/Expenditure	357,570	242,693	(114,877)	

CORPORATE SERVICES	Revised Budget	Projected Outturn	Variance
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LEGAL SERVICES

Direct Expenditure	1,086,915	1,232,918	146,003	Additional consultants advice of £16,650. Salary savings due to vacancies will fund temporary agency staff. Due to the ongoing service review, external legal advice has increased by £130,730, the majority of this has been recharged to other internal cost centres.
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Income	(1,205,715)	(1,367,214)	(161,499)
Total Directly Controllable (Income)/Expenditure	(118,800)	(134,296)	(15,496)
Indirect Expenditure	139,080	139,080	0
Net (Income)/Expenditure	20,280	4,784	(15,496)

HR SERVICES

Direct Expenditure	425,830	422,730	(3,100)
Income	(563,850)	(563,850)	0
Total Directly Controllable (Income)/Expenditure	(138,020)	(141,120)	(3,100)
Indirect Expenditure	89,790	89,810	20
Net (Income)/Expenditure	(48,230)	(51,310)	(3,080)

INFORMATION RIGHTS OFFICER

Direct Expenditure	62,650	63,003	353
Income	(69,280)	(69,310)	(30)
Total Directly Controllable (Income)/Expenditure	(6,630)	(6,307)	323
Indirect Expenditure	4,810	4,810	0
Net (Income)/Expenditure	(1,820)	(1,497)	323

OTHER EMPLOYEE COSTS

Direct Expenditure	365,680	375,129	9,449	The salary sacrifice and car parking savings are held centrally the actual savings will appear on the individual service accounts. Offset by salary savings due to service changes.
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Income	(283,430)	(283,707)	(277)
Total Directly Controllable (Income)/Expenditure	82,250	91,422	9,172
Indirect Expenditure	11,830	11,870	40
Net (Income)/Expenditure	94,080	103,292	9,212

PARISH AND LOCAL LIAISON

Direct Expenditure	205,820	205,173	(647)
Total Directly Controllable (Income)/Expenditure	205,820	205,173	(647)
Indirect Expenditure	7,250	7,250	0
Net (Income)/Expenditure	213,070	212,423	(647)

CORPORATE SERVICES

PROCUREMENT

	Revised Budget	Projected Outturn	Variance	
Direct Expenditure	89,200	71,292	(17,908)	Employee related savings.
Income	(61,450)	(61,450)	0	
Total Directly Controllable (Income)/Expenditure	27,750	9,842	(17,908)	
Indirect Expenditure	14,920	14,920	0	
Net (Income)/Expenditure	42,670	24,762	(17,908)	

PUBLIC RELATIONS AND MARKETING

Direct Expenditure	288,690	343,378	54,688	The previous assumption that two temporary posts could be removed is no longer considered the case. This has resulted in higher than budgeted expenditure of £63,200, including the vacancy credit.
Income	(6,500)	(4,905)	1,595	
Total Directly Controllable (Income)/Expenditure	282,190	338,473	56,283	
Indirect Expenditure	62,080	62,150	70	
Net (Income)/Expenditure	344,270	400,623	56,353	

GUILDFORD YOUTH COUNCIL

Direct Expenditure	4,850	2,069	(2,781)	
Total Directly Controllable (Income)/Expenditure	4,850	2,069	(2,781)	
Indirect Expenditure	5,190	5,190	0	
Net (Income)/Expenditure	10,040	7,259	(2,781)	

DEVELOPMENT	Revised Budget	Projected Outturn	Variance
SERVICE SUMMARY			
Direct Expenditure	8,665,059	8,042,884	(622,175)
Income	(13,679,390)	(12,360,282)	1,319,108
Total Directly Controllable (Income)/Expenditure	(5,014,331)	(4,317,398)	696,933
Indirect Expenditure	4,069,342	3,927,486	(141,856)
Net (Income)/Expenditure	(944,989)	(389,912)	555,077

BUILDING CONTROL SUMMARY

Direct Expenditure	804,260	702,218	(102,042)	There are salary savings due to vacancies which are being covered in part by temporary staff and consultants. On 28th November Executive approved a supplementary estimate of £30,000 for the scanning of microfiche (there is also a supplementary estimate of £170,000 in Development Control).
Income	(504,010)	(453,419)	50,591	
Total Directly Controllable (Income)/Expenditure	300,250	248,799	(51,451)	Building Control fees will be lower than budget.
Indirect Expenditure	138,780	138,890	110	
Net (Income)/Expenditure	439,030	387,689	(51,341)	

BUSINESS FORUM

Direct Expenditure	52,290	49,791	(2,499)
Total Directly Controllable (Income)/Expenditure	52,290	49,791	(2,499)
Indirect Expenditure	920	930	10
Net (Income)/Expenditure	53,210	50,721	(2,489)

DEVELOPMENT

	Revised	Projected	Variance
	Budget	Outturn	

DEVELOPMENT CONTROL

Direct Expenditure	2,002,890	2,406,559	403,669	There are additional salary costs of £79,900 due mainly to agency staff. Consultancy costs are expected to be under budget by £13,000. Planning appeal expenses are predicted to be £484,500 over budget broken down as follows: Howard of Effingham £89,000, Guildford Station £165,000, Wisley Airfield £141,000 and Manor Farm £72,600. This expenditure will be funded from the budget pressures reserve. £17,000 has also been earmarked for other likely planning appeal expenses. On 28th November Executive approved a supplementary estimate of £170,000 for the scanning of microfiche (there is also a supplementary estimate of £30,000 in Building Control).
Income	(1,388,540)	(1,298,523)	90,017	Planning fees are estimated to be £100,000 under budget.
Total Directly Controllable (Income)/Expenditure	614,350	1,108,036	493,686	
Indirect Expenditure	586,520	573,437	(13,083)	
Net (Income)/Expenditure	1,200,870	1,681,473	480,603	

INDUSTRIAL ESTATES

Direct Expenditure	299,164	335,292	36,128	
Income	(3,211,870)	(3,331,984)	(120,114)	Rental income is greater than anticipated due to rent reviews at Slyfield and Midleton.
Total Directly Controllable (Income)/Expenditure	(2,912,706)	(2,996,692)	(83,986)	
Indirect Expenditure	310,656	323,601	12,945	
Net (Income)/Expenditure	(2,602,050)	(2,673,091)	(71,041)	

INVESTMENT PROPERTY

Direct Expenditure	175,500	186,797	11,297	
Income	(5,681,260)	(5,709,387)	(28,127)	
Total Directly Controllable (Income)/Expenditure	(5,505,760)	(5,522,590)	(16,830)	
Indirect Expenditure	282,500	278,248	(4,252)	
Net (Income)/Expenditure	(5,223,260)	(5,244,342)	(21,082)	

LOCAL LAND CHARGES

Direct Expenditure	234,700	204,076	(30,624)	
Income	(294,160)	(225,050)	69,110	Land Charges income is expected to be under budget although the payment to SCC for their share of a full search is also reduced.
Total Directly Controllable (Income)/Expenditure	(59,460)	(20,974)	38,486	
Indirect Expenditure	35,620	35,664	44	
Net (Income)/Expenditure	(23,840)	14,690	38,530	

DEVELOPMENT

Revised Budget	Projected Outturn	Variance
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MAJOR PROJECTS

Direct Expenditure	1,625,380	912,523	(712,857)	Employee related costs are expected to be £51,350 over the revenue budget which takes into account a capital allocation of £252,250. 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. It is unlikely that £24,000 for the Street Scape Design project which would have come from the budget pressures reserve will be needed in this financial year. Expenditure on consultants projected to date has been overstated and we anticipate an underspend of £858,000 for which a carry forward request will be made.
Income	(1,020,380)	(75,000)	945,380	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. The £920,000 income will be offset by not making a transfer to the New Homes Bonus reserve, and therefore will have no impact on the bottom line. However we are assuming that the feasibility budget around the redevelopment of Bedford Wharf will be committed up to £127,000. A LEP revenue loan of £75,000 has been approved and set against Sustainable Movement Corridor expenditure. The net saving is included in the potential carry forward request.

Total Directly Controllable (Income)/Expenditure	605,000	837,523	232,523
Indirect Expenditure	1,396,520	1,402,776	6,256
Net (Income)/Expenditure	2,001,520	2,240,299	238,779

OTHER PROPERTY

Direct Expenditure	94,670	161,275	66,605	Anticipated expenditure on Valuers Fees are currently £24,300. Security costs in respect of Tyting Farm estimated at £31,260. General Rates for New House £9,650.
Income	(212,070)	(172,012)	40,058	Rental income from New House is less than anticipated as the current tenants have now vacated the premises. The property is currently being marketed.

Total Directly Controllable (Income)/Expenditure	(117,400)	(10,737)	106,663
Indirect Expenditure	109,970	133,145	23,175
Net (Income)/Expenditure	(7,430)	122,408	129,838

Appendix 2

DEVELOPMENT

Revised Budget Projected Outturn Variance

POLICY

Direct Expenditure

	1,184,925	1,105,667	(79,258)	There will be salary savings of £133,000 due to vacant posts. Transport consultancy will be over budget by £56,400 and is covered by the salary saving. £5,000 of the CIL budget of £58,930 which was carried forward will be spent in 2017-18. It is assumed that carry forward for the Self Build and Brownfield grant will not be spent in this financial year. Inspectors fees of £30,000 which were not budgeted for may be incurred towards the end of the financial year and neighbourhood plans consultancy is estimated to be £13,800. Consultants are also being engaged on Junction 10 of the M25 (Wisley Interchange) and costs are estimated at £28,000 at present although Highways England may meet all or some of these expenses. If not, a virement from any underspend in Planning will cover the cost.
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Income	(4,050)	(22,044)	(17,994)	We anticipate that the Neighbourhood Plan grant of £20,000 for Effingham will be received in this financial year but no longer the grant for East Horsley. A funding request of £150,000 has just been submitted to the Design Quality Fund for additional resource for the Design and Conservation team but it is unlikely that, if successful, the funds will be received in this financial year.
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Total Directly Controllable (Income)/Expenditure	1,180,875	1,083,623	(97,252)	
Indirect Expenditure	226,056	229,801	3,745	
Net (Income)/Expenditure	1,406,931	1,313,424	(93,507)	

ASSET DEVELOPMENT

Direct Expenditure

	1,135,340	934,744	(200,596)	Salary savings due to vacant posts partly covered by agency staff. Off set by an increase in valuers fees as these are currently outsourced due to the vacant building surveyor post £15,000 and consultants advice due to an increase in asset movement £8,940. There are also savings in the responsive repair and maintenance budget, which the service retains with actual expenditure being allocated directly to property related cost centres. Asset Development also hold the associated building surveyor recharges which are allocated to property cost centres throughout the year.
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Income	(1,076,800)	(856,776)	220,024	
Total Directly Controllable (Income)/Expenditure	58,540	77,968	19,428	
Indirect Expenditure	325,460	149,049	(176,411)	
Net (Income)/Expenditure	384,000	227,017	(156,983)	

DEVELOPMENT	Revised Budget	Projected Outturn	Variance
SLYFIELD AREA REGENERATION PROJECT (SARP)			
Direct Expenditure	54,820	48,851	(5,969)
Total Directly Controllable (Income)/Expenditure	54,820	48,851	(5,969)
Indirect Expenditure	526,950	533,980	7,030
Net (Income)/Expenditure	581,770	582,831	1,061

TOURIST INFORMATION CENTRE			
Direct Expenditure	230,920	246,320	15,400
Income	(53,200)	(56,306)	(3,106)
Total Directly Controllable (Income)/Expenditure	177,720	190,014	12,294
Indirect Expenditure	30,830	30,916	86
Net (Income)/Expenditure	208,550	220,930	12,380

BUSINESS AND TOURISM

Direct Expenditure	649,720	629,100	(20,620)	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 £16,700. The Science and Arts Festival will be over budget by £10,000 which will be met from the corporate inflation budget. General tourism marketing will be over budget by £30,000 and guide costs by £42,150. The over spend on contributions of £10,000 will be met from the LAGBI reserve.
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Income	(151,500)	(128,582)	22,918	Sponsorship income from the Science and Arts Festival will be £5,000. It is estimated that income generated from the website will not meet the budget of £30,000.
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Total Directly Controllable (Income)/Expenditure	498,220	500,518	2,298
Indirect Expenditure	78,930	77,399	(1,531)
Net (Income)/Expenditure	577,150	577,917	767

TOWN CENTRE MANAGEMENT

Direct Expenditure	120,480	119,671	(809)	
Income	(81,550)	(31,199)	50,351	Income from the profit share of town centre wifi will not be achieved due to delays in the procurement process.
Total Directly Controllable (Income)/Expenditure	38,930	88,472	49,542	
Indirect Expenditure	19,630	19,650	20	
Net (Income)/Expenditure	58,560	108,122	49,562	

ENVIRONMENT	Revised Budget	Projected Outturn	Variance
SERVICE SUMMARY			
Direct Expenditure	27,665,677	26,752,016	(913,661)
Income	(25,795,473)	(26,440,573)	(645,100)
Total Directly Controllable (Income)/Expenditure	1,870,204	311,443	(1,558,761)
Indirect Expenditure	8,434,324	8,558,661	124,337
Net (Income)/Expenditure	10,304,528	8,870,104	(1,434,424)

ABANDONED VEHICLES

Direct Expenditure	32,860	37,413	4,553
Income	0	(177)	(177)
Total Directly Controllable (Income)/Expenditure	32,860	37,236	4,376
Indirect Expenditure	5,300	5,310	10
Net (Income)/Expenditure	38,160	42,546	4,386

ARMED FORCES DAY

Direct Expenditure	0	47	47
Total Directly Controllable (Income)/Expenditure	0	47	47
Net (Income)/Expenditure	0	47	47

CCTV SYSTEMS

Direct Expenditure	80,430	72,876	(7,554)
Total Directly Controllable (Income)/Expenditure	80,430	72,876	(7,554)
Indirect Expenditure	22,510	23,223	713
Net (Income)/Expenditure	102,940	96,099	(6,841)

CEMETERIES AND CLOSED CHURCHYARDS

Direct Expenditure	307,634	332,761	25,127
Income	(112,450)	(83,820)	28,630
Total Directly Controllable (Income)/Expenditure	195,184	248,941	53,757
Indirect Expenditure	53,910	45,098	(8,812)
Net (Income)/Expenditure	249,094	294,039	44,945

The budget had been reduced in 2017-18 by £10,000 for service changes, this has not been met due to an agreement to extend the use of casual staff £18,300. Additional reactive works required at Cemetery Lodge and Stoke Cemetery totalling £7,400.

Anticipated reduction in income due to the decrease in burials totalling £28,630.

ENVIRONMENT	Revised Budget	Projected Outturn	Variance
CLINICAL WASTE			
Direct Expenditure	10,790	7,892	(2,898)
Total Directly Controllable (Income)/Expenditure	10,790	7,892	(2,898)
Indirect Expenditure	1,900	1,900	0
Net (Income)/Expenditure	12,690	9,792	(2,898)

CREMATORIUM			
Direct Expenditure	755,967	710,665	(45,302)
Income	(1,412,800)	(1,373,320)	39,480
Total Directly Controllable (Income)/Expenditure	(656,833)	(662,655)	(5,822)
Indirect Expenditure	331,560	331,299	(261)
Net (Income)/Expenditure	(325,273)	(331,356)	(6,083)

Service review has resulted in an underspend of £110,115, this offsets an overspend on bought in services of £70,880 arising from continued use of Randalls Road crematorium, while a new cremator is being installed.

The projection reflects the disruption to service resulting from cremator works.

DOG CONTROL AND ANIMAL WELFARE			
Direct Expenditure	39,648	58,093	18,445
Income	(6,000)	(3,275)	2,725
Total Directly Controllable (Income)/Expenditure	33,648	54,818	21,170
Indirect Expenditure	16,690	16,700	10
Net (Income)/Expenditure	50,338	71,518	21,180

ELECTRIC THEATRE			
Direct Expenditure	347,710	157,747	(189,963)
Income	(335,180)	(41,331)	293,849
Total Directly Controllable (Income)/Expenditure	12,530	116,416	103,886
Indirect Expenditure	128,510	127,702	(808)
Net (Income)/Expenditure	141,040	244,118	103,078

Operational responsibility has transferred to ACM

FLEET MANAGEMENT SERVICE			
Direct Expenditure	1,119,860	1,017,311	(102,549)
Income	(2,128,350)	(2,135,394)	(7,044)
Total Directly Controllable (Income)/Expenditure	(1,008,490)	(1,118,083)	(109,593)
Indirect Expenditure	988,860	1,117,813	128,953
Net (Income)/Expenditure	(19,630)	(270)	19,360

Vehicle insurance is £24,000 more than budgeted but vehicles repairs are projected to be £118,000 lower than budget.

ENVIRONMENT	Revised Budget	Projected Outturn	Variance
ENGINEERING AND TRANSPORT SERVICES			
Direct Expenditure	366,800	360,560	(6,240)
Income	(428,430)	(438,554)	(10,124)
Total Directly Controllable (Income)/Expenditure	(61,630)	(77,994)	(16,364)
Indirect Expenditure	64,660	65,966	1,306
Net (Income)/Expenditure	3,030	(12,028)	(15,058)

GUILDFORD HOUSE

Direct Expenditure	428,510	371,646	(56,864)
Income	(67,400)	(65,270)	2,130
Total Directly Controllable (Income)/Expenditure	361,110	306,376	(54,734)
Indirect Expenditure	96,560	85,492	(11,068)
Net (Income)/Expenditure	457,670	391,868	(65,802)

There are savings in the Guildford House repairs and maintenance budget of £27,700 as projects move to the capital expenditure phase. The feasibility growth bid of £15,000 will not be spent in this financial year due to time constraints.

GUILDHALL

Direct Expenditure	246,270	163,192	(83,078)
Income	(35,800)	(36,795)	(995)
Total Directly Controllable (Income)/Expenditure	210,470	126,397	(84,073)
Indirect Expenditure	52,010	35,888	(16,122)
Net (Income)/Expenditure	262,480	162,285	(100,195)

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. The feasibility study of improvements growth bid of £5,000 won't be spent in this financial year nor will the carry forward for the conservation plan.

LAND DRAINAGE

Direct Expenditure	155,490	93,960	(61,530)
Total Directly Controllable (Income)/Expenditure	155,490	93,960	(61,530)
Indirect Expenditure	308,200	289,556	(18,644)
Net (Income)/Expenditure	463,690	383,516	(80,174)

Land drainage works are estimated to be below budget.

ENVIRONMENT	Revised Budget	Projected Outturn	Variance
LEISURE ART DEVELOPMENT			
Direct Expenditure	81,150	89,050	7,900
Income	(550)	(565)	(15)
Total Directly Controllable (Income)/Expenditure	80,600	88,485	7,885
Indirect Expenditure	16,620	16,660	40
Net (Income)/Expenditure	97,220	105,145	7,925
LEISURE COMMUNITY CENTRES			
Direct Expenditure	93,180	116,163	22,983 Additional property works.
Income	(1,410)	(3,515)	(2,105)
Total Directly Controllable (Income)/Expenditure	91,770	112,648	20,878
Indirect Expenditure	82,050	80,530	(1,520)
Net (Income)/Expenditure	173,820	193,178	19,358
LEISURE G LIVE			
Direct Expenditure	408,080	398,220	(9,860)
Income	(36,770)	(67,775)	(31,005)
Total Directly Controllable (Income)/Expenditure	371,310	330,445	(40,865)
Indirect Expenditure	893,360	881,370	(11,990)
Net (Income)/Expenditure	1,264,670	1,211,815	(52,855)
LEISURE GRANTS			
Direct Expenditure	436,160	419,623	(16,537)
Total Directly Controllable (Income)/Expenditure	436,160	419,623	(16,537)
Indirect Expenditure	8,230	8,270	40
Net (Income)/Expenditure	444,390	427,893	(16,497)
LEISURE MANAGEMENT CONTRACT			
Direct Expenditure	1,350,460	1,262,871	(87,589) R&M - General repair works have been linked to the profile of actual works and a carry forward request will be submitted at year-end.
Income	(1,531,260)	(1,486,731)	44,529
Total Directly Controllable (Income)/Expenditure	(180,800)	(223,860)	(43,060)
Indirect Expenditure	1,629,900	1,631,007	1,107
Net (Income)/Expenditure	1,449,100	1,407,147	(41,953)

ENVIRONMENT	Revised Budget	Projected Outturn	Variance	
LEISURE PLAY DEVELOPMENT				
Direct Expenditure	219,283	237,959	18,676	
				Additional casuals and overtime agreement £2,960. (Income to offset) Vacancy credit will not be met £2,700 plus salary changes due to the job evaluation process has increased costs by £2,500. The Leisure Development Strategy will now be allocated to one cost centre instead of three.
Income	(53,433)	(68,607)	(15,174)	Fee income for holiday schemes is £15,200 above budget.
Total Directly Controllable (Income)/Expenditure	165,850	169,352	3,502	
Indirect Expenditure	20,280	20,300	20	
Net (Income)/Expenditure	186,130	189,652	3,522	
LEISURE RANGERS				
Direct Expenditure	208,020	220,515	12,495	Employee costs are higher than budgeted as this reflects the changes in terms and conditions introduced late in last financial year.
Income	0	(5,900)	(5,900)	Insurance recovered after an incident to the Play Ranger van.
Total Directly Controllable (Income)/Expenditure	208,020	214,615	6,595	
Indirect Expenditure	10,220	10,230	10	
Net (Income)/Expenditure	218,240	224,845	6,605	
LEISURE SPORT DEVELOPMENT				
Direct Expenditure	80,210	82,704	2,494	
Income	(5,000)	(5,531)	(531)	
Total Directly Controllable (Income)/Expenditure	75,210	77,173	1,963	
Indirect Expenditure	12,280	12,330	50	
Net (Income)/Expenditure	87,490	89,503	2,013	
MARKETS				
Direct Expenditure	62,550	58,402	(4,148)	
Income	(175,630)	(161,811)	13,819	
Total Directly Controllable (Income)/Expenditure	(113,080)	(103,409)	9,671	
Indirect Expenditure	7,720	7,730	10	
Net (Income)/Expenditure	(105,360)	(95,679)	9,681	
MOT BAY				
Direct Expenditure	128,300	143,095	14,795	The purchase of MOT testing equipment totalling £14,326 will be met from the Invest to Save reserve.
Income	(166,500)	(157,266)	9,234	
Total Directly Controllable (Income)/Expenditure	(38,200)	(14,171)	24,029	
Indirect Expenditure	23,690	23,710	20	
Net (Income)/Expenditure	(14,510)	9,539	24,049	

ENVIRONMENT	Revised Budget	Projected Outturn	Variance
GUILDFORD MUSEUM			
Direct Expenditure	484,960	501,277	16,317
Income	(106,680)	(97,914)	8,766
Total Directly Controllable (Income)/Expenditure	378,280	403,363	25,083
Indirect Expenditure	225,120	235,790	10,670
Net (Income)/Expenditure	603,400	639,153	35,753

Repair and maintenance works have increased in particular at Salters, Castle Street.

OFF STREET PARKING

Direct Expenditure	3,795,180	3,625,952	(169,228)
Income	(10,095,910)	(10,358,956)	(263,046)
Total Directly Controllable (Income)/Expenditure	(6,300,730)	(6,733,004)	(432,274)
Indirect Expenditure	1,197,880	1,196,761	(1,119)
Net (Income)/Expenditure	(5,102,850)	(5,536,243)	(433,393)

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. There have been unbudgeted fire risk assessment works at the multi- storey car parks, redecorations at Bedford Rd MSCP and guttering repairs at York Rd MSCP. There are salary savings due to vacancies.

Meter and season ticket income is higher than budgeted. The projection also includes the ongoing effects of parking suspension income from the redevelopment of the Tunsgate centre until the mid March 2018 at least.

ON STREET PARKING

Direct Expenditure	1,185,620	1,116,339	(69,281)
Income	(1,939,400)	(1,960,647)	(21,247)
Total Directly Controllable (Income)/Expenditure	(753,780)	(844,308)	(90,528)
Indirect Expenditure	81,850	81,860	10
Net (Income)/Expenditure	(671,930)	(762,448)	(90,518)

There are salary savings of £69,000 due to vacancies as recruitment has proved difficult.

ORDNANCE SURVEY AND MAPPING SERVICES

Direct Expenditure	3,430	6,514	3,084
Total Directly Controllable (Income)/Expenditure	3,430	6,514	3,084
Indirect Expenditure	10,980	6,147	(4,833)
Net (Income)/Expenditure	14,410	12,661	(1,749)

ENVIRONMENT	Revised Budget	Projected Outturn	Variance
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PARKS AND COUNTRYSIDE	Revised Budget	Projected Outturn	Variance
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Direct Expenditure	4,165,279	4,246,380	81,101
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The projected underspend of £63,000 on employees is due to current vacancies. Overall planned maintenance costs are likely to be higher than expected by £23,900. This is offset by additional site costs arising from unauthorised encampments of £30,000. A budgeted saving of £100,000 arising from the transfer of Woodbridge Road to a trust has been deferred until 2018-19.

Income	(1,409,480)	(2,229,765)	(820,285)
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Special Protection Area (SPA) income for the future development and maintenance of green spaces is projected to exceed budget by £791,000. An element of this income will be used in the current year to fund revenue spending, the remainder will be transferred to reserve at year-end.

Total Directly Controllable (Income)/Expenditure	2,755,799	2,016,615	(739,184)
Indirect Expenditure	673,104	703,534	30,430
Net (Income)/Expenditure	3,428,903	2,720,149	(708,754)

PARK AND RIDE SERVICES	Revised Budget	Projected Outturn	Variance
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Direct Expenditure	789,210	684,882	(104,328)
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The service is now operated as a commercial venture, operating without subsidy. The only exception is Onslow for which there is a payment of £192,000

Income	(25,000)	(93,100)	(68,100)
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Total Directly Controllable (Income)/Expenditure	764,210	591,782	(172,428)
Indirect Expenditure	97,750	91,381	(6,369)
Net (Income)/Expenditure	861,960	683,163	(178,797)

PUBLIC CONVENIENCES	Revised Budget	Projected Outturn	Variance
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Direct Expenditure	346,208	339,712	(6,496)
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Income	(11,800)	(11,810)	(10)
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Total Directly Controllable (Income)/Expenditure	334,408	327,902	(6,506)
Indirect Expenditure	78,450	85,264	6,814
Net (Income)/Expenditure	412,858	413,166	308

ENVIRONMENT	Revised Budget	Projected Outturn	Variance
REFUSE AND RECYCLING			
Direct Expenditure	6,276,054	6,338,374	62,320
Income	(3,864,400)	(3,783,127)	81,273
Total Directly Controllable (Income)/Expenditure	2,411,654	2,555,247	143,593
Indirect Expenditure	776,710	777,020	310
Net (Income)/Expenditure	3,188,364	3,332,267	143,903
RIVER CONTROL			
Direct Expenditure	31,180	22,561	(8,619)
Total Directly Controllable (Income)/Expenditure	31,180	22,561	(8,619)
Indirect Expenditure	9,910	6,039	(3,871)
Net (Income)/Expenditure	41,090	28,600	(12,490)
ROADS AND FOOTPATHS MAINTENANCE			
Direct Expenditure	41,210	42,899	1,689
Total Directly Controllable (Income)/Expenditure	41,210	42,899	1,689
Indirect Expenditure	60,840	75,649	14,809
Net (Income)/Expenditure	102,050	118,548	16,498
SNOW AND ICE PLAN HOLDING ACCOUNT			
Direct Expenditure	42,910	39,311	(3,599)
Income	(44,920)	(44,920)	0
Total Directly Controllable (Income)/Expenditure	(2,010)	(5,609)	(3,599)
Indirect Expenditure	1,160	763	(397)
Net (Income)/Expenditure	(850)	(4,846)	(3,996)

There is a predicted overspend of £97,900 on employee related expenditure due to the effects of the job evaluation for operational staff offset by vacancies and higher than anticipated usage of agency staff. The effects of the job evaluation will be met from reserves at year end. There is also a forecast underspend of £38,500 on recycling - gate fees, although this may change due to the volatility of the charges. Bought in services will be £32,000 over budget. There are savings in contract payments and special maintenance.

Income forecast for recycling credits is £23,500 above budget. This is offset by a one off return of credits to SCC of £135,000 to assist with budget reductions. If the final position on income is not sufficient to cover the £135,000 rebate to SCC, the shortfall will be met from reserves. Green bin sales are £34,850 over budget

ENVIRONMENT	Revised Budget	Projected Outturn	Variance	
STREET CLEANSING				
Direct Expenditure	2,069,554	1,943,133	(126,421)	There are salary savings due to vacant posts. Fuel savings are estimated at £22,800. There is a i360 Customer Contact Solutions invoice of £20,300 which will be met from reserves at year end.
Income	(163,860)	(167,855)	(3,995)	
Total Directly Controllable (Income)/Expenditure	1,905,694	1,775,278	(130,416)	
Indirect Expenditure	141,120	141,200	80	
Net (Income)/Expenditure	2,046,814	1,916,478	(130,336)	
STREET FURNITURE				
Direct Expenditure	57,600	75,759	18,159	Repairs and maintenance to bus shelters in the borough is greater than anticipated.
Income	0	(3,506)	(3,506)	
Total Directly Controllable (Income)/Expenditure	57,600	72,253	14,653	
Indirect Expenditure	8,340	18,875	10,535	
Net (Income)/Expenditure	65,940	91,128	25,188	
TRANSPORTATION				
Direct Expenditure	13,520	12,625	(895)	
Total Directly Controllable (Income)/Expenditure	13,520	12,625	(895)	
Indirect Expenditure	6,020	8,847	2,827	
Net (Income)/Expenditure	19,540	21,472	1,932	
VEHICLE MAINTENANCE WORKSHOP				
Direct Expenditure	807,030	738,652	(68,378)	Supplies and services for the vehicle maintenance workshop are under budget and this is reflected in the recovery of parts across the Council.
Income	(864,670)	(783,973)	80,697	
Total Directly Controllable (Income)/Expenditure	(57,640)	(45,321)	12,319	
Indirect Expenditure	49,620	49,670	50	
Net (Income)/Expenditure	(8,020)	4,349	12,369	
WORKS ANCILLARY SERVICES				
Direct Expenditure	0	26	26	
Total Directly Controllable (Income)/Expenditure	0	26	26	
Net (Income)/Expenditure	0	26	26	

ENVIRONMENT	Revised Budget	Projected Outturn	Variance
WOKING ROAD DEPOT			
Direct Expenditure	426,310	449,998	23,688
Income	(540,820)	(537,723)	3,097
Total Directly Controllable (Income)/Expenditure	(114,510)	(87,725)	26,785
Indirect Expenditure	182,600	183,897	1,297
Net (Income)/Expenditure	68,090	96,172	28,082
RECYCLING, CLEANSING AND PARKING SERVICES OVERHEAD ACCOUNT			
Direct Expenditure	171,060	154,857	(16,203)
Income	(231,570)	(231,640)	(70)
Total Directly Controllable (Income)/Expenditure	(60,510)	(76,783)	(16,273)
Indirect Expenditure	57,850	57,880	30
Net (Income)/Expenditure	(2,660)	(18,903)	(16,243)

MANAGING DIRECTOR

	Revised Budget	Projected Outturn	Variance
SERVICE SUMMARY			
Direct Expenditure	274,000	468,208	194,208
Income	(674,860)	(674,860)	0
Total Directly Controllable (Income)/Expenditure	(400,860)	(206,652)	194,208
Indirect Expenditure	75,250	75,250	0
Net (Income)/Expenditure	(325,610)	(131,402)	194,208

INTERNAL AUDIT

Direct Expenditure	397,839	270,050	(127,789)	Salary savings resulting from the delayed implementation of a service review. The underspend consultants budget on internal audit account will be carried forward into 2018-19 budget.
Income	(406,100)	(406,100)	0	
Total Directly Controllable (Income)/Expenditure	(8,261)	(136,050)	(127,789)	
Indirect Expenditure	46,040	46,040	0	
Net (Income)/Expenditure	37,779	(90,010)	(127,789)	

BUSINESS IMPROVEMENT

Direct Expenditure	(123,839)	198,158	321,997	Salary staffings build into the budget arising from the Council wide service transformation and review programme are included in the Business Improvement account. The savings generated from the Council wide transformation programme are shown against the individual services where transformation savings have accrued. This account is therefore used solely as a mechanism to introduce a transformation target into the budget.
Income	(268,760)	(268,760)	0	
Total Directly Controllable (Income)/Expenditure	(392,599)	(70,602)	321,997	
Indirect Expenditure	29,210	29,210	0	
Net (Income)/Expenditure	(363,389)	(41,392)	321,997	

RESOURCES	Revised Budget	Projected Outturn	Variance
SERVICE SUMMARY			
Direct Expenditure	45,142,180	44,604,798	(537,382)
Income	(43,497,310)	(42,544,047)	953,263
Total Directly Controllable (Income)/Expenditure	1,644,870	2,060,751	415,881
Indirect Expenditure	2,206,176	2,207,529	1,353
Net (Income)/Expenditure	3,851,046	4,268,280	417,234

ACCOUNTANCY

Direct Expenditure	789,280	847,039	57,759	Redundancy costs totalling £59,000 arising from a service restructure will be funded from the invest to save reserve. One-off agency costs totalling £27,000 have been incurred to provide short term cover, facilitating the restructure.
Income	(904,280)	(904,580)	(300)	
Total Directly Controllable (Income)/Expenditure	(115,000)	(57,541)	57,459	
Indirect Expenditure	141,020	141,080	60	
Net (Income)/Expenditure	26,020	83,539	57,519	

BUSINESS RATES

Direct Expenditure	201,640	209,989	8,349
Income	(269,210)	(269,233)	(23)
Total Directly Controllable (Income)/Expenditure	(67,570)	(59,244)	8,326
Indirect Expenditure	48,150	48,250	100
Net (Income)/Expenditure	(19,420)	(10,994)	8,426

ICT BUSINESS SERVICES TEAM

Direct Expenditure	689,420	516,330	(173,090)	There are salary savings of £144,000 due to the recent restructure. The CRM growth bid of £50,000 will not be spent in this financial year.
Income	(793,790)	(794,050)	(260)	
Total Directly Controllable (Income)/Expenditure	(104,370)	(277,720)	(173,350)	
Indirect Expenditure	117,760	117,850	90	
Net (Income)/Expenditure	13,390	(159,870)	(173,260)	

CLIMATE CHANGE

Direct Expenditure	362,280	244,978	(117,302)	A salary savings of £83,000 has resulted from vacant posts. Consultants advice budget of £20,000 will not be spent in this financial year.
Income	(360,180)	(348,685)	11,495	
Total Directly Controllable (Income)/Expenditure	2,100	(103,707)	(105,807)	
Indirect Expenditure	55,620	55,690	70	
Net (Income)/Expenditure	57,720	(48,017)	(105,737)	

RESOURCES

CORPORATE FINANCIAL

	Revised Budget	Projected Outturn	Variance
Direct Expenditure	162,250	196,577	34,327
Income	(160,590)	(160,590)	0
Total Directly Controllable (Income)/Expenditure	1,660	35,987	34,327
Indirect Expenditure	256,830	256,980	150
Net (Income)/Expenditure	258,490	292,967	34,477

COUNCIL TAX

Direct Expenditure	710,230	619,666	(90,564)	Salary savings arising from vacancies and a reduction in court expenses.
Income	(300,000)	(300,000)	0	
Total Directly Controllable (Income)/Expenditure	410,230	319,666	(90,564)	
Indirect Expenditure	172,360	172,450	90	
Net (Income)/Expenditure	582,590	492,116	(90,474)	

ICT CUSTOMER TECHNICAL SUPPORT

Direct Expenditure	968,080	1,061,343	93,263	Salary savings due to vacancies will fund temporary agency staff. Redundancy costs arising from the recent restructure will be funded from the invest to save reserve. The Surrey Data Centre project has been reviewed following the creation of the new ICT strategy. The original proposal does not offer Guildford Borough Council good value for money nor is it aligned to the new ICT Strategy. The funding of £135,000 will therefore not be used this year and will be spent in 2018-19 to fund additional work approved by the Executive.
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Income	(1,057,360)	(1,057,852)	(492)
Total Directly Controllable (Income)/Expenditure	(89,280)	3,491	92,771
Indirect Expenditure	86,110	86,160	50
Net (Income)/Expenditure	(3,170)	89,651	92,821

FEASIBILITY STUDIES

Direct Expenditure	53,960	62,021	8,061
Total Directly Controllable (Income)/Expenditure	53,960	62,021	8,061
Indirect Expenditure	200	200	0
Net (Income)/Expenditure	54,160	62,221	8,061

DEBTORS

Direct Expenditure	155,850	166,503	10,653
Income	(203,250)	(210,310)	(7,060)
Total Directly Controllable (Income)/Expenditure	(47,400)	(43,807)	3,593
Indirect Expenditure	49,160	49,270	110
Net (Income)/Expenditure	1,760	5,463	3,703

RESOURCES

	Revised Budget	Projected Outturn	Variance
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HOUSING BENEFITS

Direct Expenditure	34,995,090	34,069,986	(925,104)	Variation in the claimant assumption. This is reflected in a corresponding adjustment in the costs recovered from DWP (see income)
Income	(34,854,980)	(33,945,363)	909,617	
Total Directly Controllable (Income)/Expenditure	140,110	124,623	(15,487)	
Indirect Expenditure	208,080	207,150	(930)	
Net (Income)/Expenditure	348,190	331,773	(16,417)	

INFORMATION SYSTEMS TEAM

Direct Expenditure	345,810	329,823	(15,987)
Income	(324,790)	(322,401)	2,389
Total Directly Controllable (Income)/Expenditure	21,020	7,422	(13,598)
Indirect Expenditure	49,190	48,613	(577)
Net (Income)/Expenditure	70,210	56,035	(14,175)

INSURANCE REVENUE ACCOUNT

Direct Expenditure	1,001,860	981,653	(20,207)	A reduction in insurance claims paid for 2017-18.
Income	(1,005,860)	(1,009,902)	(4,042)	
Total Directly Controllable (Income)/Expenditure	(4,000)	(28,249)	(24,249)	
Indirect Expenditure	4,770	4,780	10	
Net (Income)/Expenditure	770	(23,469)	(24,239)	

IT RENEWALS REVENUE ACCOUNT

Income	(602,150)	(602,150)	0
Total Directly Controllable (Income)/Expenditure	(602,150)	(602,150)	0
Indirect Expenditure	343,070	343,070	0
Net (Income)/Expenditure	(259,080)	(259,080)	0

MISCELLANEOUS ITEMS

Direct Expenditure	(4,300)	226,701	231,001	For budget purposes assumptions regarding slippage in revenue growth bids are held here. In addition, a corporate inflation budget to support service pressures and the implications of other corporate proposals are also shown here.
Income	428,390	(8,229)	(436,619)	Movement in the assumed position regarding external grant support.
Total Directly Controllable (Income)/Expenditure	424,090	218,472	(205,618)	
Indirect Expenditure	350	350	0	
Net (Income)/Expenditure	424,440	218,822	(205,618)	

Appendix 2

RESOURCES

OFFICE SERVICES TEAM

	Revised Budget	Projected Outturn	Variance	
Direct Expenditure	1,588,840	1,597,096	8,256	Contract catering budget will be underspent by £30,000 due to changes in the costs structure. Additional fire assessment works of £20,000 to be completed in 2017-18. The vacancy credit of £11,300 will not be achieved.
Income	(2,006,800)	(1,900,253)	106,547	Rental income from Millmead House will not be achieved of £94,500. Surrey County Council have declined further office space and although other tenants are being sought significant occupancy will not be achieved in this financial year.

Total Directly Controllable (Income)/Expenditure	(417,960)	(303,157)	114,803
Indirect Expenditure	473,836	475,936	2,100
Net (Income)/Expenditure	55,876	172,779	116,903

EPAYMENTS AND PAYROLL

Direct Expenditure	500,510	533,013	32,503	Redundancy costs arising from a restructure will be funded from invest to save £50,260, offset by savings from vacant posts.
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Income	(673,730)	(672,720)	1,010
Total Directly Controllable (Income)/Expenditure	(173,220)	(139,707)	33,513
Indirect Expenditure	169,330	169,330	0
Net (Income)/Expenditure	(3,890)	29,623	33,513

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	359,762	424,848	65,086	The projection includes decommissioning costs consistent with the update report to Overview and Scrutiny Committee of the 6th March 2018.
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Income	(32,450)	(37,729)	(5,279)
Total Directly Controllable (Income)/Expenditure	327,312	387,119	59,807
Net (Income)/Expenditure	327,312	387,119	59,807

WEBSITE

Direct Expenditure	221,990	222,842	852
Total Directly Controllable (Income)/Expenditure	221,990	222,842	852
Indirect Expenditure	29,990	30,020	30
Net (Income)/Expenditure	251,980	252,862	882

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	603,789
961,284	1,004,169	Tenants Services	935,150	933,548
94,149	71,395	Tenant Participation	139,110	72,805
71,964	68,906	Garage Management	71,080	68,251
63,133	62,795	Elderly Persons Dwellings	63,530	63,095
566,292	489,812	Flats Communal Services	410,770	561,480
414,610	473,413	Environmental Works to Estates	540,570	464,904
4,752,742	5,088,818	Responsive & Planned Maintenance	5,167,820	4,867,820
136,164	149,529	SOCH & Equity Share Administration	133,290	123,388
7,745,172	8,063,430		8,122,860	7,759,079
		Strategic Housing Services		
398,983	393,556	Advice, Registers & Tenant Selection	348,620	316,920
191,815	199,230	Void Property Management & Lettings	170,650	193,085
7,359	10,098	Homelessness Hostels	9,130	9,139
217,175	200,681	Supported Housing Management	202,710	186,365
430,396	593,967	Strategic Support to the HRA	387,900	400,400
1,245,728	1,397,533		1,119,010	1,105,908
		Community Services		
897,939	822,862	Sheltered Housing	875,690	845,157
		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	15,518,803
(32,592,728)	(32,623,860)	Income	(31,749,670)	(32,353,717)
(17,183,017)	(12,673,009)	Net Cost of Services(per inc & exp a/c)	(15,823,450)	(16,834,913)
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)	(16,596,683)
(332,979)	(508,072)	Investment Income	(364,250)	(606,171)
5,173,010	5,022,423	Interest Payable	5,143,050	5,018,580
(12,101,219)	(7,898,797)	Deficit for Year on HRA Services	(10,806,420)	(12,184,274)
		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	9,609,274
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)	(29,723,371)
(203,864)	(213,964)	Rent Income - Rosebery Hsg Assoc	(203,860)	(207,228)
(194,792)	(194,263)	Rents - Shops, Buildings etc	(181,000)	(205,904)
(661,341)	(677,827)	Rents - Garages	(730,000)	(702,418)
(30,997,925)	(30,936,909)	Total Rent Income	(30,176,860)	(30,838,921)
(300,297)	(345,764)	Supporting People Grant	(250,000)	(283,856)
(970,273)	(961,529)	Service Charges	(978,680)	(981,714)
(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)	(54,550)
(257,094)	(334,477)	Miscellaneous Income	(261,580)	(166,676)
(32,592,728)	(32,623,860)	Total Income	(31,749,670)	(32,353,717)

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Directorate/Service and Capital Scheme name	Approved (a) £000	Cumulative (b) £000	2017-18				Projected (f) £000	2018-19 (i) £000	2019-20 (ii) £000	2020-21 (iii) £000	2021-22 (iv) £000	2022-23 (v) £000	Future years (g) £000	Projected (b)+(g) = (h) £000	Grants / (i) £000	Net cost (h)-(i) = (j) £000
			Estimate (c) £000	Revised (d) £000	Expenditure (e) £000	Projected (f) £000										
APPROVED SCHEMES																
COMMUNITY																
Neighbourhood & housing management																
Safer Guildford: CCTV & Lighting Strategy - Lighting Strategy	116	105	-	11	5	11	-	-	-	-	-	-	-	116	-	116
Safer Guildford: CCTV & Lighting Strategy - Lighting Strategy	136	132	-	4	-	4	-	-	-	-	-	-	-	136	(6)	130
Furniture link guildford (No longer required)	30	-	-	30	-	-	-	-	-	-	-	-	-	-	-	-
Home Farm, Effingham - provision of Gypsy and Traveller	1,000	230	655	770	626	770	-	-	-	-	-	-	-	1,000	-	1,000
General Fund Housing																
Disabled Facilities Grants			450	450	320	450	-						-	450	(670)	(220)
Home Improvement Assistance			40	40	47	40	-						-	40	-	40
Solar Energy Loans			30	30	-	30	-						-	30	-	30
SHIP			-	-	5	-	-						-	-	-	-
General Grants to HAs			100	100	-	100	100	100	100	100	100	-	400	500	-	500
General feasibility, site preparation costs for affordable housing			120	135		135	120	120	120	120	-	480	1,212	-	-	1,212
Bright Hill Car Park Site		4			15								-	-	-	-
Ladymead/Fire Station site preparation		69			26								-	-	-	-
Garage Sites-General		146			11								-	-	-	-
Garage Sites Phase 1		1			1								-	-	-	-
Guildford Park Car Park		311			-								-	-	-	-
Apple Tree Pub Site		66			9								-	-	-	-
COMMUNITY DIRECTORATE TOTAL	1,282	1,064	1,395	1,570	1,065	1,540	220	220	220	220	0	880	3,484	(676)	2,808	
CORPORATE																
New War Memorial	50			50	15	50								50		50
	50			50	15	50								50		50
DEVELOPMENT																
Economic development																
Disabled Access (DDA) Improvements: ph.2 & 3	390	344	42	46	3	20	26	-	-	-	-	26	390	-	-	390
Void investment property refurbishment works	400	196	-	138	-	10	177	-	-	-	-	177	400	-	-	400
Foundation Unit 1				10	8	8										
Unit 4 Middleton				50	1	3										
16 Ent Est void works				6	6	6										
Museum and castle development	267	3	17	264	27	100	164	-	-	-	-	164	267	-	-	267
Asbestos surveys and removal in non-residential council	158	86	32	40	27	30	42	-	-	-	-	42	158	-	-	158
Methane gas monitoring system	100	40	-	60	0	-	60	-	-	-	-	60	100	-	-	100
Energy efficiency compliance - Council owned properties	45	8	-	37	1	12	25	-	-	-	-	25	45	-	-	45
Rebuild retaining wall on Shalford Park boundary with the Old	60	3	-	57	29	31	9	-	-	-	-	9	43	(20)	23	
Bridges -Inspections and remedial works	117	148	-	(31)	20	20	-	-	-	-	-	-	171	-	171	
Bridges - Millmead Footbridge(complete)					3	3										
Bridges - Shalford Common					0	0										
Guildford House courtyard (Complete)	7	5	-	2	-	2	-	-	-	-	-	-	7	-	7	
Electric Theatre - new boilers	120	-	120	120	-	120	-	-	-	-	-	-	120	-	120	
Gfd business incubation project (No longer required)	110	-	-	110	-	-	-	-	-	-	-	-	-	-	-	-
The Billings roof	200	13	150	187	0	-	187	-	-	-	-	187	200	-	200	
Guildford house damproofing- removal of decayed timber	20	-	-	20	0	-	20	-	-	-	-	20	20	-	20	
Broadwater cottage	74	0	-	74	1	10	64	-	-	-	-	64	74	-	74	
Gunpowder mills - scheduled ancient monument	50	-	-	50	0	-	50	-	-	-	-	50	50	-	50	
New House - short term works following acquisition	70	-	-	70	16	48	22	-	-	-	-	22	70	-	70	
Chapel Street (Castle Street/Tunsgate Public Realm Scheme)	835	-	835	835	113	835	-	-	-	-	-	-	835	-	835	
Site clearance costs ahead of sale of Burpham Court Farm	50	-	-	50	-	50	-	-	-	-	-	-	50	-	50	
PLANNING SERVICES																
Environmental Improvements: High Street / Chertsey St.,	60	-	60	60	-	-	-	-	-	-	-	-	-	-	(20)	(20)
Guildford Riverside Route Ph 1 (part SPA) complete	708	636	-	72	2	2	-	-	-	-	-	-	638	(531)	107	
DEVELOPMENT DIRECTORATE TOTAL	3,841	1,481	1,256	2,327	258	1,310	846	-	-	-	-	846	3,638	(571)	3,067	

Directorate/Service and Capital Scheme name	Approved (a) £000	Cumulative (b) £000	2017-18		Expenditure (e) £000	Projected (f) £000	2018-19 (i) £000	2019-20 (ii) £000	2020-21 (iii) £000	2021-22 (iv) £000	2022-23 (v) £000	Future years (g) £000	Projected (b)+(g) = (h) £000	Grants / (i) £000	Net cost (h)-(i) = (j) £000
			Estimate (c) £000	Revised (d) £000											
ENVIRONMENT															
Operational Services															
Safer Guildford: CCTV & Lighting Strategy - CCTV etc. phase 4	93	82	-	11	-	11	-	-	-	-	-	-	93	-	93
Sluice Gates Motorisation at Town Mill Toll House(complete)	70	64	-	6	-	-	-	-	-	-	-	-	64	-	64
Mill Lane (Pirbright) Flood Protection Scheme	71	55	-	16	-	-	16	-	-	-	-	16	71	(19)	52
Vehicles, Plant & Equipment Replacement Programme	6,445	5,018	300	827	349	402	1,025	-	-	-	-	1,025	6,445	(26)	6,419
Ash Surface Water (grant funded)	22	22	-	-	-	-	-	-	-	-	-	-	22	(22)	0
William Road Flood (grant funded)	15	15	-	-	-	-	-	-	-	-	-	-	15	(15)	0
Flexford Flood (EA grant)	50	59	-	-	-	-	-	-	-	-	-	-	59	(59)	0
Ashenden rd (EA grant)	3	3	-	-	-	-	-	-	-	-	-	-	3	(3)	0
Mary Road Flood (EA grant)	-	-	-	45	16	45	-	-	-	-	-	-	45	(45)	-
Flood resilience measures (use in conjunction with grant)	100	-	100	100	-	-	-	100	-	-	-	100	100	-	100
Litter bins replacement	265	31	230	234	10	234	-	-	-	-	-	-	265	-	265
Flats recycling - new bins	50	19	-	31	13	31	-	-	-	-	-	-	50	-	50
WRD security barriers	15	11	-	4	1	4	-	-	-	-	-	-	15	-	15
WRD roads and footpaths	150	59	100	91	-	-	51	40	-	-	-	91	150	-	150
Marrow lane grille & headwall construction	60	3	-	57	-	5	52	-	-	-	-	52	60	-	60
Marrow & Burpham surface water study	15	-	-	15	-	-	15	-	-	-	-	15	15	-	15
Crown court CCTV	10	-	-	10	-	-	10	-	-	-	-	10	10	-	10
Parks and Leisure															
Crematorium - mercury abatement/new cremators	1,266	988	-	278	322	278	-	-	-	-	-	-	1,266	-	1,266
Spectrum Roof replacement	4,000	147	3,420	3,464	1,155	2,460	43	-	-	-	-	43	2,650	-	2,650
Spectrum roof - steelwork ph2	-	389	-	-	6	1	-	-	-	-	-	-	390	-	390
Spectrum roof - steelwork ph3	-	-	-	-	622	160	-	-	-	-	-	-	160	-	160
Infrastructure works: Guildford Commons	150	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Infrastructure works: Guildford Commons: Merrow	-	10	10	13	2	13	-	-	-	-	-	-	23	-	23
Infrastructure works: Guildford Commons: Shalford	-	63	40	44	34	27	33	-	-	-	-	33	123	-	123
Infrastructure works: Guildford Commons: Compton (complete)	-	-	-	4	3	3	-	-	-	-	-	-	3	-	3
Onslow Rec play area	174	156	-	18	9	18	-	-	-	-	-	-	174	-	174
Westnye Gardens play area	125	-	125	125	10	15	110	-	-	-	-	110	125	-	125
Stoke Park Tennis Courts refurbishment	90	-	-	90	85	90	-	-	-	-	-	-	90	-	90
Stoke Park Paddling Pool (ph1&2)	423	376	-	47	42	47	-	-	-	-	-	-	423	-	423
Replacement roundabout planters	20	18	-	2	3	2	-	-	-	-	-	-	20	-	20
Stoke Park Bowls Club	102	-	-	102	102	102	-	-	-	-	-	-	102	(40)	62
Stoke cemetery re-tarmac	47	-	-	47	-	-	47	-	-	-	-	47	47	-	47
Woodbridge rd sportsground replace fencing	160	38	-	122	1	122	-	-	-	-	-	-	160	-	160
Stoke Park Composting facility	105	-	105	105	-	-	105	-	-	-	-	105	105	-	105
Chantry wood campsite	216	3	200	213	4	3	210	-	-	-	-	210	216	(116)	100
Replace hanging basket posts	88	13	-	75	40	75	-	-	-	-	-	-	88	(44)	44
Stoke pk office accomodation & storage buildings	65	15	-	50	57	55	-	-	-	-	-	-	70	-	70
Pre-sang costs	100	1	-	99	18	20	79	-	-	-	-	79	100	-	100
Stoke Cemetery Chapel - phase 2	75	0	3	3	2	3	72	-	-	-	-	72	75	-	75
Replace Stoke Park gardens attendant hut/Visitor information	120	0	70	120	12	40	80	-	-	-	-	80	120	-	120
Wall repairs for parks, cemeteries & recreation facilities	195	0	15	15	9	15	180	-	-	-	-	180	195	-	195
Bellfields Community Centre - Subsidence Repairs	60	1	60	59	2	10	49	-	-	-	-	49	60	-	60
Countryside fence replacement	97	-	50	50	59	50	47	-	-	-	-	47	97	-	97
Purchase of Park Iroko Timber Bins	22	-	-	22	22	22	-	-	-	-	-	-	22	-	22
Sutherland Memorial Park LED lighting for courts	25	-	-	25	-	25	-	-	-	-	-	-	25	-	25
ENVIRONMENT TOTAL DIRECTORATE	15,159	7,658	4,828	6,639	3,008	4,388	2,224	140	-	-	-	2,364	14,410	(389)	14,021
RESOURCES															
Business Systems															
Investment in Millmead House campus	3,884	3,828	-	56	67	56	-	-	-	-	-	-	3,884	-	3,884
Millmead House Toilet refurb	121	13	-	108	117	108	-	-	-	-	-	-	121	-	121
Financial Services															
Capital contingency fund	annual	-	5,000	4,527	-	527	5,000	5,000	5,000	5,000	5,000	25,000	25,527	-	25,527
RESOURCES DIRECTORATE TOTAL	4,005	3,841	5,000	4,691	184	691	5,000	5,000	5,000	5,000	5,000	25,000	29,532	0	29,532
DEVELOPMENT/INCOME GENERATING/COST REDUCTION PROJECTS															
Guildford Park - new MSCP and infrastructure works	6,500	503	4,500	5,997	538	1,500	4,497	-	-	-	-	4,497	6,500	-	6,500
Guildford Park - Housing for private sale	-	-	-	-	245	-	-	-	-	-	-	-	-	-	-
Clay lane link road	700	802	-	(102)	187	187	-	-	-	-	-	-	989	(1,000)	(11)
Slyfield Area Regeneration Project (SARP)	1,984	217	-	1,767	1,105	1,767	-	-	-	-	-	-	1,984	-	1,984
North Street Development / Guild Town Centre regeneration	977	640	100	237	65	-	337	-	-	-	-	337	977	(50)	927

Directorate/Service and Capital Scheme name	Approved (a) £000	Cumulative (b) £000	2017-18				Projected (f) £000	2018-19 (i) £000	2019-20 (ii) £000	2020-21 (iii) £000	2021-22 (iv) £000	2022-23 (v) £000	Future years (g) £000	Projected (b)+(g) = (h) £000	Grants / (i) £000	Net cost (h)-(i) = (j) £000
			Estimate (c) £000	Revised (d) £000	Expenditure (e) £000	Projected (f) £000										
Pop up Village(complete)	643	695	-	100	103	100	-	-	-	-	-	-	795	-	795	
Middleton Ind Est Redevelopment	200			200	27	200	-	-	-	-	-	-	200	-	200	
Investment in North Downs Housing	24,340	1,440	3,300	3,300	727	900	12,840	-	-	-	-	12,840	15,180	-	15,180	
Equity shares in Guildford Holdings ltd	960	960	2,200	2,200	484	600	8,560	-	-	-	-	8,560	10,120	-	10,120	
Walnut Bridge replacement	3,341	481	1,884	1,834	377	1,834	1,026	-	-	-	-	1,026	3,341	(1,530)	1,811	
TCMP Sites U: Bedford Rd Wharf	14,176	-	14,176	14,176	-	-	-	14,176	-	-	-	14,176	14,176	-	14,176	
TCMP Sites U: Bedford Rd Wharf	3,523	-	3,523	3,523	-	-	-	3,523	-	-	-	3,523	3,523	-	3,523	
Rebuild Crematorium	11,732	158	3,410	3,792	362	500	10,335	739	-	-	-	11,074	11,732	-	11,732	
Spectrum Combined Heat and Power (GF contr)	1,110	21	869	848	305	848	-	-	-	-	-	-	869	-	869	
Woodbridge Rd sportsground	1,900	516	1,150	1,384	1,324	1,384	-	-	-	-	-	-	1,900	(746)	1,153	
DEVELOPMENT/INCOME GENERATING/COST REDUCTION	72,086	6,434	35,112	39,256	5,848	9,820	37,595	18,438	0	0	0	56,033	72,287	(3,326)	68,961	
APPROVED SCHEMES TOTAL	96,423	20,478	47,591	54,533	10,379	17,799	45,885	23,798	5,220	5,220	5,000	85,123	123,400	(4,962)	118,439	
non-development projects total	24,337	14,044	12,479	15,277	4,531	7,979	8,290	5,360	5,220	5,220	5,000	29,090	51,114	(1,636)	49,478	

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Code	Directorate / Service Units Capital Schemes	Gross (a) £000	Cumulative (b) £000	2017-18		Expenditure (f) £000	Projected (g) £000	2018-19 Est (i) £000	2019-20 (ii) £000	2020-21 (iii) £000	2021-22 (iv) £000	2022-23 (v) £000	Future years (h) £000	Projected (b) to (g)=(i) £000	Grants or (j) £000	Net total (i) - (j) = £000
				Estimate (c) £000	Revised (e) £000											
PROVISIONAL SCHEMES (schemes approved in principle; further report to the Executive required)																
COMMUNITY DIRECTORATE																
	Old Manor House - replacement windows	193	-	-	-	-	-	193	-	-	-	-	193	193	-	193
COMMUNITY DIRECTORATE TOTAL		193	-	-	-	-	-	193	-	-	-	-	193	193	-	193
CORPORATE DIRECTORATE no projects																
CORPORATE DIRECTORATE TOTAL		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
DEVELOPMENT DIRECTORATE																
	Void investment property refurbishment works	300	-	100	100	-	-	200	100	-	-	-	300	300	-	300
	Guildford Museum	6,395	-	2,000	2,000	-	-	185	180	6,030	-	-	6,395	6,395	-	6,395
	Methane gas monitoring system	150	-	-	150	-	-	150	-	-	-	-	150	150	-	150
	Energy efficiency compliance - Council owned properties	1,150	-	920	920	-	-	1,150	-	-	-	-	1,150	1,150	-	1,150
	Bridges	570	-	570	570	-	100	470	-	-	-	-	470	570	-	570
	Gunpowder mills - scheduled ancient monument	172	-	-	172	-	-	172	-	-	-	-	172	172	-	172
	Guildford Riverside Route PH 2&3 - NO LONGER RQD	2,400	-	2,400	2,400	-	-	-	-	-	-	-	-	-	-	-
	Cladding of Ash Vale units	145	-	145	145	-	-	145	-	-	-	-	145	145	-	145
	Westfield/Moorfield rd resurfacing	3,152	-	3,152	3,152	-	-	3,152	-	-	-	-	3,152	3,152	-	3,152
	Burpham Court Farm	365	-	365	365	-	-	-	-	-	-	-	-	-	-	-
	Exhibition lighting at Guildford House	50	-	50	50	-	-	50	-	-	-	-	50	50	-	50
	Chapel Street (Castle Street/Tungate Public Realm Scheme)	1,165	-	1,165	1,165	-	15	1,150	-	-	-	-	1,150	1,165	-	1,165
	Tyting Farm Land-removal of barns and concrete hardstanding	250	-	-	-	-	-	250	-	-	-	-	250	250	-	250
	Rodboro Buildings - electric theatre through road and parking	450	-	-	-	-	-	450	-	-	-	-	450	450	-	450
	48 Quarry Street, Museum - structural works	250	-	-	-	-	-	30	220	-	-	-	250	250	-	250
	Land to the rear of 39-42 Castle Street	10	-	-	-	-	-	10	-	-	-	-	10	10	-	10
DEVELOPMENT DIRECTORATE TOTAL		16,974	-	10,867	11,189	-	115	7,564	500	6,030	-	-	14,094	14,209	-	14,209
ENVIRONMENT DIRECTORATE																
	Mill Lane (Pirbright) Flood Protection Scheme	200	-	-	200	-	-	200	-	-	-	-	200	200	(20)	180
	Vehicles, Plant & Equipment Replacement Programme	5,000	-	-	-	-	-	-	4,000	1,000	-	-	5,000	5,000	-	5,000
P56008	New vehicle washing system	155	-	155	155	0	-	155	-	-	-	-	155	155	-	155
	Surface water management plan	200	-	-	200	-	-	200	-	-	-	-	200	200	-	200
P56012	WRD - cleansing office heating system	11	-	11	11	11	11	-	-	-	-	-	-	11	-	11
P04006	New burial grounds - acquisition & development	7,834	26	2,490	2,508	-	-	2,508	5,300	-	-	-	7,808	7,834	-	7,834
	Refurbishment / rebuild Sutherland Memorial Park Pavilion	150	-	150	150	-	-	150	-	-	-	-	150	150	-	150
	Council owned playground refurbishment	320	-	-	100	-	-	200	120	-	-	-	320	320	-	320
	Council tennis courts refurbishment	155	-	215	155	-	-	155	-	-	-	-	155	155	(10)	145
	Kings college astro turf	120	-	120	120	-	-	120	-	-	-	-	120	120	-	120
	Aldershot rd allotment expansion & improvement	200	-	-	200	-	-	200	-	-	-	-	200	200	-	200
	Stoke pk office accomodation & storage buildings	665	-	625	665	-	-	665	-	-	-	-	665	665	-	665
	Sutherland memorial park all weather courts new posts and	25	-	25	25	-	25	-	-	-	-	-	25	25	-	25
	Stoke Pk gardens water feature refurb	81	-	81	81	-	-	81	-	-	-	-	81	81	(59)	22
	Resurface Lido Rd CP	100	-	100	100	-	-	100	-	-	-	-	100	100	-	100
	Sutherland Memorial Park LED lighting	10	-	35	10	-	-	10	-	-	-	-	10	10	-	10
P28008	Park Barn CC LED lighting upgrade	22	-	22	22	-	-	22	-	-	-	-	22	22	-	22
	Shawfield DC - fire alarm system and LED lighting upgrade	83	-	-	-	-	-	83	-	-	-	-	83	83	-	83
	Stoke Memorial Park - electrical works	39	-	-	-	-	-	39	-	-	-	-	39	39	-	39
	Stoke Park Masterplan enabling costs	500	-	-	-	-	-	100	100	150	-	150	500	500	-	500
	Parks and Countryside - repairs and renewal of paths,roads	1,900	-	-	-	-	-	300	400	400	400	400	1,900	1,900	-	1,900
	Sports pavillions - replace water heaters	154	-	-	-	-	-	154	-	-	-	-	154	154	-	154
	Millmead fish pass	60	-	-	-	-	-	-	60	-	-	-	60	60	-	60
ENVIRONMENT DIRECTORATE TOTAL		17,984	26	4,029	4,702	12	36	5,442	9,980	1,550	400	550	17,922	17,984	(89)	17,895
RESOURCES DIRECTORATE																
	Renewables	65	-	-	65	-	-	65	-	-	-	-	65	65	-	65
	Millmead House - M&E plant renewal	33	-	-	-	-	-	33	-	-	-	-	33	33	-	33
	Hydro private wire - Tollhouse to Millmead	85	-	-	-	-	-	85	-	-	-	-	85	85	-	85
RESOURCES DIRECTORATE TOTAL		183	-	-	65	-	-	183	-	-	-	-	183	183	-	183
DEVELOPMENT/INCOME GENERATING/COST REDUCTION PROJECTS																
	Guildford Park new MSCP and infrastructure works	23,125	-	11,645	11,645	-	-	18,625	4,500	-	-	-	23,125	23,125	-	23,125
P79026	Clay lane link road	10,439	-	100	1,100	-	1,100	4,339	5,000	-	-	-	9,339	10,439	(845)	9,594
	Slyfield Area Regeneration Project (SARP) (GBC share)	72,324	-	15,000	15,058	-	-	900	6,000	700	22,962	41,762	72,324	72,324	(7,500)	64,824
	North Street development	29,590	-	1,000	1,000	-	-	-	29,590	-	-	-	29,590	29,590	-	29,590
	Redevelop Midleton industrial estate	14,707	-	1,837	1,837	-	-	1,637	-	13,070	-	-	14,707	14,707	-	14,707
	Bright Hill Development	13,500	-	500	500	-	-	500	1,250	6,250	5,500	-	13,500	13,500	-	13,500
	Transport schemes for future Local Growth Fund and other	4,000	-	4,000	4,000	-	-	4,000	-	-	-	-	4,000	4,000	(3,500)	500

Code	Directorate / Service Units Capital Schemes	Gross (a) £000	Cumulative (b) £000	2017-18			Projected (g) £000	2018-19 Est (i) £000	2019-20 (ii) £000	2020-21 (iii) £000	2021-22 (iv) £000	2022-23 (v) £000	Future years (h) £000	Projected (b) to (g)=(i) £000	Grants or (j) £000	Net total (i) - (j) = £000
				Estimate (c) £000	Revised (e) £000	Expenditure (f) £000										
	Town centre transport infrastructure package	217	-	217	217	-	217	-	-	-	-	-	217	217	-	217
	Sustainable Movement Corridor	9,895	-	-	-	-	850	1,500	1,500	-	-	6,045	9,895	9,895	(2,725)	7,170
	Guildford West (PB) station	5,200	-	500	500	-	1,150	1,050	3,000	-	-	5,200	5,200	(3,750)	1,450	
	Strategic property acquisitions	34,120	-	-	-	-	-	7,020	13,300	13,800	-	34,120	34,120	-	34,120	
	Bedford Wharf	23,000	-	-	-	-	-	-	-	-	-	-	-	-	-	
	Guildford Gyratory & approaches	12,000	-	-	-	-	200	833	3,500	3,500	3,967	12,000	12,000	(5,700)	6,300	
P79996	Investment in North Downs Housing	31,540	1,440	-	-	-	-	6,120	11,940	-	-	18,060	19,500	-	19,500	
P79997	Equity shares in Guildford Holdings Ltd	960	960	-	-	-	-	4,080	7,960	-	-	12,040	13,000	-	13,000	
	Stoke Park - Home Farm Redevelopment	4,000	-	-	-	-	-	-	-	-	-	4,000	4,000	-	4,000	
	Guildford bike share	530	-	-	-	-	530	-	-	-	-	530	530	-	530	
	A331 hotspots	3,930	-	-	-	-	300	2,230	1,400	-	-	3,930	3,930	(1,965)	1,965	
	Bus station relocation	500	-	-	-	-	300	200	-	-	-	500	500	-	500	
	Student Housing	81,000	-	-	-	-	3,000	45,000	33,000	-	-	81,000	81,000	-	81,000	
	Additional Parking Space Mary Rd															
	Mary Road Multi Storey (this more expensive option has been	5,565	-	-	-	-	-	5,565	-	-	-	5,565	5,565	-	5,565	
	MENT/INCOME GENERATING/COST REDUCTION PROJECTS TOTAL	380,142	2,400	34,799	35,857	-	1,100	36,548	119,938	95,620	45,762	51,774	353,642	357,142	(25,985)	331,157
	PROVISIONAL SCHEMES - GRAND TOTALS	415,476	2,426	49,695	51,813	12	1,251	49,930	130,418	103,200	46,162	52,324	386,034	389,711	(26,074)	363,637
	non development projects	35,334	26	14,896	15,956	12	151	13,382	10,480	7,580	400	550	32,392	32,569	(89)	32,480

Ref	Project	Code	Service Units / Capital Schemes	Approved (a) £000	Cumulative (b) £000	2017-18		Expenditure (e) £000	Projected (f) £000	2018-19 (i) £000	2019-20 (ii) £000	2020-21 (iii) £000	2021-22 (iv) £000	2022-23 (v) £000	Future (g) £000	Projected (b)+(g) = (h) £000	Grants / (i) £000	Net cost of (h)-(i) = (j) £000	Total net cost (k) £000
						Estimate (c) £000	Revised (d) £000												
APPROVED SCHEMES (fully funded from S106 contributions)																			
S-OP3	BS	P66093	Hayden Place CCTV - P92310	35			35	-	35							35	(35)		
OPERATIONAL SERVICES																			
OPERATIONAL SERVICES S106 - Totals				-	-	-	35	-	35	-	-	-	-	-	-	196	(196)	-	-
ENVIRONMENT DIRECTORATE																			
S-PL1	SK	P29014/	Woodbridge Meadow Artwork	104	103	-	1	(0)	1	-	-	-	-	-	-	104	(104)	-	-
S-PL2	SK	P41058	G Live Artwork	34	32	-	2	-	2	-	-	-	-	-	-	34	(34)	-	-
S-PL3	SK	P29008	Art Print Hse Sq (Sculpture Martyr Rd)	36	25	-	11	-	11	-	-	-	-	-	-	36	(36)	-	-
S-PL7	JS/SA	P18139	Tilehouse Open Space - Playground Refurbishment &	132	102	-	30	-	30	-	-	-	-	-	-	132	(132)	-	-
S-PL8	JS/SA	P18137	Baird Drive/Briars Playground Refurb	10	-	-	10	3	10	-	-	-	-	-	-	10	(10)	-	-
S-PL13	PN/DW	P18143	Stoke Recreation Ground play area	41	37	-	4	-	4	-	-	-	-	-	-	41	(41)	-	-
S-PL17	JS/SA	P18156	Bushy Hill Facilities	27	16	-	11	-	11	-	-	-	-	-	-	27	(27)	-	-
S-PL23	SK	P29013	75-78 Woodbridge Rd	15	4	-	11	4	11	-	-	-	-	-	-	15	(15)	-	-
S-PL29	SA/BW	P18162	Greening the approaches - roundabouts	40	5	-	35	-	35	-	-	-	-	-	-	40	(40)	-	-
S-PL33	SA		Installation of trampoline play equipment	11	-	-	11	-	11	-	-	-	-	-	-	11	(11)	-	-
S-PL36	HJ	P18177	Gunpowder mills - signage, access and woodland imps	16	11	-	0	1	-	-	-	-	-	-	-	11	(11)	-	-
S-PL38	SA	P18181	Goose green play area improvements	21	20	-	-	1	-	-	-	-	-	-	-	20	(20)	-	-
S-PL40	SA	P18186	Ripley PC skate ramp	47	22	-	25	-	25	-	-	-	-	-	-	47	(47)	-	-
S-PL42	SK	P29016	Sutherland memorial park public art project	23	22	-	1	0	1	-	-	-	-	-	-	23	(23)	-	-
S-PL46	SA	P18198	Shalford Park Pavilion Improvements - COMPLETE	23	22	-	1	2	1	-	-	-	-	-	-	23	(23)	-	-
S-PL47	SA		Fir Tree Garden	28	-	28	28	-	28	-	-	-	-	-	-	28	(28)	-	-
S-PL48	SA	P18211	Stoke Park Trim Trail	23			23	-	23	-	-	-	-	-	-	23	(23)	-	-
ENVIRONMENT DIRECTORATE TOTAL				527	317	28	203	10	203	-	-	-	-	-	-	520	(520)	-	-
APPROVED SCHEMES continued (fully funded from S106 contributions)																			
DEVELOPMENT DIRECTORATE																			
S-P1	MW	P41045	Haydon Place / Martyr Road	67	64	-	3	12	12	-	-	-	-	-	-	76	(76)	-	-
S-P3	MW	P41076	North Street Rejuvenation Project	489	257	232	232	-	-	-	-	-	-	-	-	257	(257)	-	-
S-P5	BW		Falcon Rd Guildford	6	-	-	6	-	6	-	-	-	-	-	-	6	(6)	-	-
S-P7	BW	P41063	Woodbridge meadows	243	197	-	46	-	46	-	-	-	-	-	-	243	(243)	-	-
S-P8	BW	P41086	Woodbridge Hill environmental improvements	226	190	180	37	30	37	-	-	-	-	-	-	227	(227)	-	-
S-P10	MW	P41085	G Live Lighting and Signage York Road	32	23	-	9	0	9	-	-	-	-	-	-	32	(32)	-	-
S-P11	ST	P31003	G Live Bus stop/drop off point	11	4	-	7	-	7	-	-	-	-	-	-	11	(11)	-	-
S-P12	MW	P41074	Espom Rd/Boxgrove Road	150	87	-	63	-	63	-	-	-	-	-	-	150	(150)	-	-
S-P13	MW	P41073	Kingpost Parade car park	20	19	-	2	-	2	-	-	-	-	-	-	21	(21)	-	-
S-P14	MW	P41084	Bridge Street Waymarking	5	1	-	4	-	4	-	-	-	-	-	-	5	(5)	-	-
DEVELOPMENT DIRECTORATE TOTOAL				1,249	840	412	409	43	186	-	-	-	-	-	-	1,026	(1,026)	-	-
APPROVED S106 SCHEMES TOTAL				1,775	1,157	440	647	53	424	-	-	-	-	-	-	1,742	(1,742)	-	-

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Item	Project	Code	Projects & Sources of Funding	Approved (a) £000	Cumulative (b) £000	2017-18		Expenditure (e) £000	Projected (f) £000	2018-19 (i) £000	2019-20 (ii) £000	2020-21 (iii) £000	2021-22 (iv) £000	2022-23 (v) £000	Future (g) £000	Projected (b)+(g) = (h) £000
						Estimate (c) £000	Revised £000									
		P59...	RESOURCES DIRECTORATE													
			<u>ENERGY PROJECTS per SALIX RESERVE:(PR220)</u>													
R-EN10	CR	P59034	LED Lighting replacement	80	49	-	31	-	19	-	-	-	-	-	-	69
		P59040	Salix lighting Harbour Hotel					2	2							2
		P59041	Salix lighting Black Horse					10	10							10
R-EN11	CR		WRD energy reduction	70	-	-	70	-	70	-	-	-	-	-	-	70
			<u>ENERGY PROJECTS per GBC INVEST TO SAVE RESERVE:</u>													
			GBC 'Invest to Save' energy projects (to be repaid in line			-	164	-	-	164	-	-	-	-	164	
R-EN12	CR	P59102	PV/energy efficiency projects	100	2	-	98	-	-	98	-	-	-	-	98	100
R-EN13		BID200	Park Barn Day Centre - air source heat pump	143	-	-	-	-	-	143	-	-	-	-	143	143
R-EN14		BID207	SMP - air source heat pump	28	-	-	-	-	-	28	-	-	-	-	28	28
R-EN15		BID212	Stoke Park Nursery - air source heat pump	17	-	-	-	-	-	17	-	-	-	-	17	17
			ENERGY RESERVES TOTAL	438	51	-	363	12	101	450	-	-	-	-	450	438
			BUDGET PRESSURES RESERVE													
R-BP1	CM	P79999	Surreysave Credit Union - purchase of shares	100	50	-	50	50	50	-	-	-	-	-	-	100
			BUDGET PRESSURES RESERVE TOTAL	100	50	-	50	50	50	-	-	-	-	-	-	100
			<u>LABGI RESERVE</u>													
R-LB1	CM	P79024	Bedford Rd Bus Station	250	59	-	-	175	191	-	-	-	-	-	-	250
			LABGI RESERVE TOTAL	250	59	-	-	175	191	-	-	-	-	-	-	250
			<u>INFORMATION TECHNOLOGY - IT Renewals Reserve (PR265) : approved annually</u>													
			Hardware / software budget		-	350	854	-	465	1,034	527	500	500	500	3,061	3,526
R-IT1	SW-M	P81002	Hardware	annual	annual	-	-	382	382	-	-	-	-	-	-	382
R-IT2	SW-M	P81002	Software	annual	annual	-	-	-	-	-	-	-	-	-	-	-
	AH		ICT infrastructure improvements	1,250		-	-	-	-	1,250	-	-	-	-	1,250	1,250
		P81023	Efin upgrade and eproc implement		12			8	8							8
		P81029	Replace Ocella (Tascomi)		10			10	-							
			IT RENEWALS RESERVE TOTAL	1,250	22	350	854	399	854	2,284	527	500	500	500	4,311	5,165
			ENVIRONMENT DIRECTORATE													
			SPECTRUM RESERVE													
R-S10	PN	P24028	Chiller Replacement & CHO absorption chiller	245	-	-	243	-	243	-	-	-	-	-	-	243
R-S14			Spectrum schemes (to be agreed with Freedom Leisure)	700	-	700	700	-	-	700	-	-	-	-	700	700
			SPECTRUM RESERVE TOTAL	945	-	700	943	-	243	700	-	-	-	-	700	943
			ASH MANOR AWP RESERVE													
R-AM1	JS	P02009	Ash Manor all weather pitch surface replacement	75	-	-	75	75	75	-	-	-	-	-	-	75
			ASH MANOR AWP RESERVE	75	-	-	75	75	75	-	-	-	-	-	-	75
			CAR PARKS RESERVE													
R-CP1	KMc	P37503	Car parks - install/replace pay-on-foot equipment	570	240	334	330	-	330	-	-	-	-	-	-	570

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Agenda item number 7

GENERAL FUND CAPITAL SCHEMES - PROJECTS FUNDED VIA RESERVES: ESTIMATED EXPENDITURE 2017-18 to 2022-23

APPENDIX 7

Item	Project	Code	Projects & Sources of Funding	Approved (a) £000	Cumulative (b) £000	2017-18		Expenditure (e) £000	Projected (f) £000	2018-19 (i) £000	2019-20 (ii) £000	2020-21 (iii) £000	2021-22 (iv) £000	2022-23 (v) £000	Future (g) £000	Projected (b)+(g) = (h) £000
						Estimate (c) £000	Revised £000									
R-CP13	KMc/RH	P37515	Car Parks - Lighting & Electrical improvements: - Castle, Farnham & York Rd Lighting	300	-	-	300	-	300	-	-	-	-	-	-	300
R-CP8	KMc/KS		Car parks - Deck surfacing: - Castle car park (PR000299)	325	-	-	-	-	-	325	-	-	-	-	325	325
R-CP10	KMc/KS		- Bedford Road (PR000243)	512	-	512	512	-	59	-	-	-	-	-	-	59
R-CP18		BID177	- Deck Millbrook car park	2,000	-	-	-	-	-	-	2,000	-	-	-	2,000	2,000
R-CP12	MvdR/AH	P37511	Replacement of collapsed retaining wall Bright Hill	321	16	-	305	33	30	-	-	-	-	-	-	46
R-CP14	KMc/RH	P37514	Lift replacement (PR000293)	841	-	187	280	68	280	187	187	187	-	-	561	841
R-CP15	KMc/RH		Merrow P&R CCTV (PR000298)	50	-	-	50	-	50	-	-	-	-	-	-	50
R-CP16	KMc/RH	P37518	Bright Hill Barrier essential works (PR000425)	80	1	-	79	51	79	-	-	-	-	-	-	80
R-CP17	KMc/RH		Leapale rd MSCP drainage (PR000433)	90	-	90	90	-	-	90	-	-	-	-	90	90
R-CP19		BID194	Structural works to MSCP	300	-	-	-	-	-	200	100	-	-	-	300	300
R-CP20		BID181	New pay-on-foot equipment	600	-	-	-	-	-	15	585	-	-	-	600	600
CAR PARKS RESERVE TOTAL				5,989	257	1,123	1,946	153	1,128	817	2,872	187	-	-	3,876	5,261
SPA RESERVE :																
		P20...	SPA schemes (various)	100	annual	100	165	-	151	100	-	-	-	-	100	265
R-SPA1		P201..	Chantry Woods					-	-						-	
R-SPA2		P202..	Effingham					1	1						-	
R-SPA3		P203..	Lakeside					-	-						-	
R-SPA4		P204..	Riverside					10	10						-	
R-SPA5		P205..	Parsonage					3	3						-	
R-SPA7			Access tracks at Chantry Wood	60	-	-	60	-	60	-	-	-	-	-	-	60
SPA RESERVE TOTAL				160	-	100	225	14	225	100	-	-	-	-	100	325
GRAND TOTALS				9,207	439	2,273	4,456	878	2,867	4,351	3,399	687	500	500	9,437	12,557

Agenda item number: 7

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

1.4 These projections are based on estimated project costs, some of which will be 'firmed up' in due course. Any variations to the estimates and the phasing of expenditure will affect year on year funding projections.

2.0 Capital receipts - Balances (T01001)

	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	2,858	5,290	9,200	9,075	16,000	0
Less applied re funding of capital schemes	(259)	(330)	(2,858)	(5,290)	(9,200)	(9,075)	(16,000)	0
Balance after funding capital expenditure as at 31 March	0	0	0	0	0	0	0	0

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Agenda item number: 7
Appendix 8

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	47,591	17,799	45,885	23,798	5,220	5,220	5,000
	20	49,695	1,251	49,930	130,418	103,200	46,162	52,324
	447	440	424	0	0	0	0	0
	3,199	2,273	2,867	4,351	3,399	687	500	500
	744	0	0	0	0	0	0	0
Total estimated capital expenditure	38,246	99,999	22,341	100,166	157,615	109,107	51,882	57,824
To be funded by:								
Capital receipts (<i>per 2.above</i>)	(2,860)	(330)	(2,858)	(5,290)	(9,200)	(9,075)	(16,000)	0
Contributions	(3,128)	(3,982)	(3,229)	(5,465)	(4,480)	(5,565)	(5,500)	0
<u>R.C.C.O.:</u>								
Other reserves	(1,523)	(7,973)	(4,377)	(17,832)	(3,619)	(907)	(720)	(500)
	(7,511)	(12,285)	(10,464)	(28,587)	(17,299)	(15,547)	(22,220)	(500)
Balance of funding to be met from (i) the Capital Reserve, and (ii) borrowing	(30,735)	(87,714)	(11,878)	(71,579)	(140,316)	(93,560)	(29,662)	(57,324)
Total funding required	(38,246)	(99,999)	(22,341)	(100,166)	(157,615)	(109,107)	(51,882)	(57,824)

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4.0 General Fund Capital Schemes Reserve (U01030)

Balance as at 1 April
Add: General Fund Revenue Budget variations
Contribution from revenue

Less: Applied re funding of capital programme

Balance after funding capital expenditure etc.as at 31 March

	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	10,878	71,579	140,316	93,560	29,662	57,324
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Appendix 8

GENERAL FUND CAPITAL PROGRAMME : SUMMARY OF RESOURCES AND FINANCIAL IMPLICATIONS

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

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

 Less: Applied on regeneration schemes
Housing receipts - estimated balance in hand at year end

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
17,276	14,201	14,861	13,361	0	0	0	0
0	0	0	0	0	0	0	0
(2,415)	0	0	0	0	0	0	0
0	(5,500)	(1,500)	(13,361)	0	0	0	0
14,861	8,701	13,361	0	0	0	0	0
0	0	0	0	0	0	0	0
14,861	8,701	13,361	0	0	0	0	0

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

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

 Less: Applied on regeneration schemes
Housing receipts - estimated balance in hand

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
3,449	3,151	2,938	2,428	1,933	1,438	943	448
1,418	200	200	200	200	200	200	200
(135)	(220)	(235)	(220)	(220)	(220)	(220)	(220)
(1,794)	(475)	(475)	(475)	(475)	(475)	(475)	(475)
2,938	2,656	2,428	1,933	1,438	943	448	(47)
0	0	0	0	0	0	0	0
2,938	2,656	2,428	1,933	1,438	943	448	(47)

Total £'000s

6.1 Estimated annual borrowing requirement

Bids for funding (net)
Total estimated borrowing requirement if all bids on Appendix 1 approved

30,096	87,714	10,878	71,579	140,316	93,560	29,662	57,324	403,319
	0	0	0	0	0	0	0	0
	87,714	10,878	71,579	140,316	93,560	29,662	57,324	403,319

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GUILDFORD B.C. - HOUSING INVESTMENT PROGRAMME 2017-18 to 2021-22: HRA APPROVED PROGRAMME

APPENDIX 9

	Project Budget £000	2016-17 Actual £000	Project Spend at 31-03-17 £000	2017-18 Estimate £000	Carry Forward	Expenditure as at 15/02/2018 £000	2017-18 Projected Outturn £000	2018-19 Estimate £000	2019-20 Estimate £000	2020-21 Estimate £000	2021-22 Estimate £000	2022-23 Estimate £000	Total Project Exp £000
Acquisition of Land & Buildings	3,302	0	0	0	3,302		502	2,800					3,302
N10014 10 Mount Court						202							
New Build													
N30007 New Road, Gomshall	4,250	56	4,122	0		(0)	0	0	0	0	0	0	4,122
N30008 Lakeside Close, Ash	5,100	336	4,991	0		0	0	0	0	0	0	0	4,991
N30011 Guildford Park	75	25	25	0		555	555	0	0	0	0	0	580
N30012 Appletree pub site	3,200	381	424	2,400	(324)	29	300	2,476	0	0	0	0	3,200
N30013 Styfield Green (Corporation Club)	2,448	1,853	1,853	350	350	497	500	200	0	0	0	0	2,553
N30014 Willow Way	1,000	0	0	975		539	700	300	0	0	0	0	1,000
Garage sites-	2,500	0	0	2,000	350			1,100	0	0	0	0	1,100
N30015 Pond Meadow						398	450						450
N30016 Rowan Close						485	500						500
N30017 Great Goodwin Drive						398	450						450
N30018 The Homestead	500	0	0	500		311	450	50	0	0	0	0	500
Fire Station/Ladymead	2,000	0	0	1,200			200	1,800	0	0	0	0	2,000
Bright Hill	500	0	0	500			25	475	0	0	0	0	500
Various small sites & feasibility/Site preparation	1,000	0	0	0			0	0	0	0	0	0	0
Schemes to promote Home-Ownership													
Equity Share Re-purchases	annual	0	annual	400		0	400						annual
Major Repairs & Improvements													
Retentions & minor carry forwards	annual	0	annual	30		0	30						annual
Kitchens & Bathrooms	annual	793	annual	1,350		424	1,227						annual
Doors and Windows	annual	245	annual	400		195	316						annual
Structural	annual	1,102	annual	850	370	282	469						annual
Energy efficiency: Central heating	annual	779	annual	650	199	874	1,151						annual
General	annual	924	annual	1,220	132	737	1,418						annual
Grants													
Cash Incentive Scheme	annual	0	annual	75		0	75						annual
TOTAL APPROVED SCHEMES	25,875	6,496	11,416	12,900	4,379	5,926	9,720	9,201	0	0	0	0	25,250

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Corporate Governance & Standards Committee Report

Ward(s) affected: All

Report of the Monitoring Officer

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Lead Councillor responsible: Matt Furniss

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Date: 29 March 2018

Annual Report of the Monitoring Officer regarding Standards Allegations

Executive Summary

This report informs and updates the Committee about decisions taken on standards allegations against borough and parish councillors for the 12-month period ending 31 December 2017.

Recommendation to Committee:

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

Reason(s) for Recommendation:

- To ensure the Committee is kept up to date;
- To consider learning points for the future; and
- To seek to promote and maintain high standards of conduct amongst Members and co-opted Members of the Borough Council and parish councils within the borough.

1. Purpose of Report

- 1.1 The purpose of this report is to inform and update the Committee about decisions taken on standards allegations against borough and parish councillors throughout the year ending 31 December 2017.

2. Statutory background

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

3. Relevant Government Policy

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

4. Relevant Council Policy

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

5. Strategic Priorities

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

6. Background

- 6.1 The Act made fundamental changes to the system of regulation of standards of conduct for elected and co-opted councillors. The provisions came into force on 1 July 2012.
- 6.2 Section 27(2) of the Act required the authority to adopt a code dealing with the conduct that is expected of members and co-opted members of the authority when they are acting in that capacity. Sections 28(6) and (7) of the Act required the Council to put in place Arrangements under which allegations that a councillor or co-opted member of the Council or of any of the 23 parish councils within the borough has failed to comply with the relevant code of conduct can be investigated and decisions made on such allegations.
- 6.3 Following the full council meeting on 5 July 2012 the Council:
- Established this Committee with responsibility for a range of matters to include promoting and maintaining high standards of conduct by members and co-op-ted members of the authority;
 - Adopted a new Code of Members' Conduct;
 - Appointed 3 Independent Persons;
 - Adopted Arrangements and procedures for dealing with misconduct complaints in relation to both borough and parish councillors;
 - Revised the Register of Members' Interests to reflect the new Disclosable Pecuniary Interests created under the Localism Act and regulations made thereunder;
 - Made all necessary changes to the Constitution.
- 6.4 After four years of operation, the Arrangements for dealing with misconduct complaints were reviewed by the Council with assistance from this Committee and

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

7. Details

7.1 Attached at Appendix 1 is a list showing the decisions taken by the Monitoring Officer in relation to allegations made against borough councillors and parish councillors for the year ending 31 December 2017 in accordance with the Council's Arrangements for dealing with Allegations of Misconduct adopted on 5 July 2012.

7.2 **Number of allegations.** Throughout this period there have been no complaints regarding parish councillors and four regarding borough councillors.

Action taken. All four resulted in no further action being taken by the Monitoring Officer following initial assessment.

Type of complainant. Two complaints were made by members of the public, one by an officer and one by a councillor.

Response times. The time taken for consideration and determination of a complaint is set out in Appendix 1.

7.3 The identity of all councillors complained of has been anonymised. It is felt that such information should remain confidential unless and until any complaint results in an open hearing before the Hearings Sub-Committee.

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

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

8. Consultations

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

9. Next steps

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

10. Other courses of action considered but rejected

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

11. Equality and Diversity Implications

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

12. Financial Implications

- 12.1 None

13. Legal Implications

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

14. Human Resource Implications

- 14.1 None

15. Conclusion

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

16. Background Papers

- 16.1 As referred to in this Report & Appendices.
Case files referred to are exempt under the Local Government Act 1972 Part 1 of Schedule 12A paragraphs 1 and 2.

17. Appendices

- Appendix 1: Allegations against Councillors & Parish Councillors under the Arrangements for dealing with Allegations of Misconduct – 1 January 2017 – 31 December 2017

Appendix 1

Decisions taken in relation to Allegations against Borough Councillors & Parish Councillors under the Arrangements for dealing with Allegations of Misconduct 1 January 2017 to 31 December 2017.

File ref.	Borough or Parish Councillor	Relevant Parts of Code of Conduct	Decision	Comments	Complainant	Date complaint received	Date of Decision
4242	Borough	Para 2 (1) Failure to treat others with respect Para 4 Bringing the Council into disrepute etc.	NFA	IA concluded: Comments made were considered to be an expression of disagreement rather than a personal attack. Part of cut and thrust of politics and lively debate.	Public	26 May 2017	25 Sept 2017
4243	Borough	Para 2 (1) Failure to treat others with respect Para 4 Bringing the Council into disrepute etc.	NFA	Comments made were considered to be an expression of disagreement rather than a personal attack. Part of cut and thrust of politics and lively debate.	Public	26 May 2017	25 Sept 2017
4244	Borough	Para 2 (1) Failure to treat others with respect	NFA	Comments made were considered to be an expression of disagreement rather than a personal attack.	Borough Councillor	26 May 2017	25 Sept 2017

File ref.	Borough or Parish Councillor	Relevant Parts of Code of Conduct	Decision	Comments	Complainant	Date complaint received	Date of Decision
		Para 4 Bringing the Council into disrepute etc.		Part of cut and thrust of politics and lively debate.			
4694	Borough	Para 2 (1) Failure to treat others with respect Para 4: Bringing the Council into disrepute etc.	NFA	Meeting held between complainant and Councillor	Officer	12 Dec 2017	22 Feb 2018

Corporate Governance and Standards Committee Report

Ward(s) affected: n/a

Report of Director of Environment

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Lead Councillor responsible: Matt Furniss

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Date: 29 March 2018

Local Government Ethical Standards: Stakeholder Consultation

Executive Summary

The Committee on Standards in Public Life (CSPL) is undertaking a review of local government ethical standards. As part of this review, the CSPL is holding a public stakeholder consultation, which was launched on 29 January 2018 and closes on 18 May 2018.

A copy of the consultation paper is attached as **Appendix 1** to this report.

In order to inform the Committee's consideration of this matter, all councillors have been sent a copy of the consultation paper and asked to submit any comments they may have to the Monitoring Officer in time for this meeting. Similarly, the consultation has been drawn to the attention of all parish councils in the borough and they too have been invited to submit comments.

As at the date of publication of the agenda for this meeting, the only response received has been submitted by Albury Parish Council (see **Appendix 2**).

Details of any further comments received will be reported to the Committee at the meeting.

Recommendation to Committee

That, taking into account comments received, the Committee considers its response to the consultation and authorises the Monitoring Officer to draft the Council's formal response to the Committee on Standards in Public Life, in consultation with the Chairman and the Lead Councillor.

Reason for Recommendation:

To assist in maintaining robust standards arrangements to safeguard local democracy, maintain high standards of conduct, and protecting ethical practice in local government.

1. Purpose of Report

- 1.1 This report refers to the current stakeholder consultation by the CSPL in connection with their review of local government ethical standards. The consultation closes on 18 May 2018.
- 1.2 A copy of the consultation document is attached as **Appendix 1** to this report.

2. Strategic Framework

- 2.1 High standards of conduct protects ethical practice in local government, underpinning the values and mission of the Council.

3. Background

- 3.1 The CSPL welcomes submissions from the following stakeholders, both individually and corporately:

- local authorities and standards committees
- local authority members (for example, parish councillors, district councillors)
- local authority officials (for example, Monitoring Officers)

The CSPL has also invited submissions from members of the public.

- 3.2 The terms of reference for the review are to:

- Examine the structures, processes and practices in local government in England for:
 - (a) Maintaining codes of conduct for local councillors;
 - (b) Investigating alleged breaches fairly and with due process;
 - (c) Enforcing codes and imposing sanctions for misconduct;
 - (d) Declaring interests and managing conflicts of interest; and
 - (e) Whistleblowing
- Assess whether the existing structures, processes and practices are conducive to high standards of conduct in local government;
- Make any recommendations for how they can be improved; and
- Note any evidence of intimidation of councillors, and make recommendations for any measures that could be put in place to prevent and address such intimidation.

4. Financial Implications

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

5. Legal Implications

- 5.1 The Council has a statutory obligation to promote and maintain high standards of conduct by its councillors and co-opted members in accordance with the seven Nolan principles¹. Councillors and co-opted members have a

¹ The seven Nolan Principles are: Selflessness; Integrity; Objectivity; Accountability; Openness; Honesty; and Leadership

duty to comply with these principles, the rules on predetermination and bias and the legal obligation to register and declare Disclosable Pecuniary Interests (DPIs).

- 5.2 A failure by a councillor or co-opted member to maintain high standards of conduct or to comply with the law regarding DPIs gives rise to legal implications.
- 5.3 Depending on the circumstances, failure to comply with the Nolan principles, the Council's code of conduct for councillors and/or legislation; can result in disciplinary action and/or criminal investigation/proceedings.

6. Human Resource Implications

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

7. Equality and Diversity Implications

- 7.1 There are no equalities implications arising from this report.

8. Conclusion

- 8.1 This review will consider all levels of local government in England, including town and parish councils. Guildford Borough Council will have an opportunity to influence future recommendations by the CSPL by submitting its response to this consultation.

9. Background Papers

None

10. Appendices

Appendix 1: The Committee on Standards in Public Life - Open consultation, on the review of local government ethical standards: consultation questions published on 29 January 2018.

<https://www.gov.uk/government/consultations/local-government-ethical-standards-stakeholder-consultation>

Appendix 2: Response from Albury Parish Council

The Committee on Standards in Public Life

Review of Local Government Ethical Standards: Stakeholder Consultation

Consultation questions

The Committee invites responses to the following consultation questions.

Please note that not all questions will be relevant to all respondents and that submissions do not need to respond to every question. Respondents may wish to give evidence about only one local authority, several local authorities, or local government in England as a whole. Please do let us know whether your evidence is specific to one particular authority or is a more general comment on local government in England.

Whilst we understand submissions may be grounded in personal experience, please note that the review is not an opportunity to have specific grievances considered.

- (a) Are the existing structures, processes and practices in place working to ensure high standards of conduct by local councillors? If not, please say why.
- (b) What, if any, are the most significant gaps in the current ethical standards regime for local government?

Codes of conduct

- (c) Are local authority adopted codes of conduct for councillors clear and easily understood? Do the codes cover an appropriate range of behaviours? What examples of good practice, including induction processes, exist?
- (d) A local authority has a statutory duty to ensure that its adopted code of conduct for councillors is consistent with the Seven Principles of Public Life and that it includes appropriate provision (as decided by the local authority) for registering and declaring councillors' interests. Are these requirements appropriate as they stand? If not, please say why.

Investigations and decisions on allegations

- (e) Are allegations of councillor misconduct investigated and decided fairly and with due process?
 - i. What processes do local authorities have in place for investigating and deciding upon allegations? Do these processes meet requirements for due process? Should any additional safeguards be put in place to ensure due process?
 - ii. Is the current requirement that the views of an Independent Person must be sought and taken into account before deciding on an allegation sufficient to ensure the objectivity and fairness of the decision process? Should this requirement be strengthened? If so, how?
 - iii. Monitoring Officers are often involved in the process of investigating and deciding upon code breaches. Could Monitoring Officers be subject to conflicts of interest or undue pressure when doing so? How could Monitoring Officers be protected from this risk?

Sanctions

- (f) Are existing sanctions for councillor misconduct sufficient?
- i. What sanctions do local authorities use when councillors are found to have breached the code of conduct? Are these sanctions sufficient to deter breaches and, where relevant, to enforce compliance?
 - ii. Should local authorities be given the ability to use additional sanctions? If so, what should these be?

Declaring interests and conflicts of interest

- (g) Are existing arrangements to declare councillors' interests and manage conflicts of interest satisfactory? If not please say why.
- i. A local councillor is under a legal duty to register any pecuniary interests (or those of their spouse or partner), and cannot participate in discussion or votes that engage a disclosable pecuniary interest, nor take any further steps in relation to that matter, although local authorities can grant dispensations under certain circumstances. Are these statutory duties appropriate as they stand?
 - ii. What arrangements do local authorities have in place to declare councillors' interests, and manage conflicts of interest that go beyond the statutory requirements? Are these satisfactory? If not, please say why.

Whistleblowing

- (h) What arrangements are in place for whistleblowing, by the public, councillors, and officials? Are these satisfactory?

Improving standards

- (i) What steps could *local authorities* take to improve local government ethical standards?
- (j) What steps could *central government* take to improve local government ethical standards?

Intimidation of local councillors

- (k) What is the nature, scale, and extent of intimidation towards local councillors?
- i. What measures could be put in place to prevent and address this intimidation?

Who can respond?

Anyone with an interest may make a submission. The Committee welcomes submissions from members of the public.

However, the consultation is aimed particularly at the following stakeholders, both individually and corporately:

- Local authorities and standards committees;
- Local authority members (for example, Parish Councillors, District Councillors);
- Local authority officials (for example, Monitoring Officers);

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- Think tanks with an interest or expertise in local government;
- Academics with interest or expertise in local government; and
- Representative bodies or groups related to local government.

How to make a submission

Submissions can be sent either in electronic format or in hard copy.

Submissions must:

- State clearly who the submission is from, i.e. whether from yourself or sent on behalf of an organisation;
- Include a brief introduction about yourself/your organisation and your reason for submitting evidence;
- Be in doc, docx, rtf, txt, ooxml or odt format, not PDF;
- Be concise – we recommend no more than 2,000 words in length; and
- Contain a contact email address if you are submitting by email.

Submissions should:

- Have numbered paragraphs; and
- Comprise a single document. If there are any annexes or appendices, these should be included in the same document.

It would be helpful if your submission included any factual information you have to offer from which the Committee might be able to draw conclusions, and any recommendations for action which you would like the Committee to consider.

The Committee may choose not to accept a submission as evidence, or not to publish a submission even if it is accepted as evidence. This may occur where a submission is very long or contains material which is inappropriate.

Submissions sent to the Committee after the deadline of 17:00 on Friday 18 May 2018 may not be considered.

Submissions can be sent:

1. Via email to: public@public-standards.gov.uk
2. Via post to:
Review of Local Government Ethical Standards
Committee on Standards in Public Life
GC:07
1 Horse Guards Road
London
SW1A 2HQ

If you have any questions, please contact the Committee's Secretariat by email (public@public-standards.gov.uk) or phone (0207 271 2948).

RESPONSE FROM ALBURY PARISH COUNCIL

(a) *Are the existing structures, processes and practices in place working to ensure high standards of conduct by local councillors? If not, please say why.*

No the existing structures, processes and practices are not necessarily in place and do not work. Albury Parish Council looks to SSALC to provide guidance on Codes of Conduct and Disciplinary Process. At present we have a simple Code of Conduct which covers how a Parish Councillor should behave and Declarations of Interest only. This is inadequate and “toothless”.

(b) *What, if any, are the most significant gaps in the current ethical standards regime for local government?*

- i. Albury Parish Council needs a Disciplinary Guide and Process so that Parish Councillors who breach either the Code of Conduct or Declarations of Interest statements can be disciplined and grievances addressed. We need a Monitoring Officer and Standards Board that reviews grievances and disciplinary breaches and administers discipline which should in proven cases of serious breach allow Parish Councillors to be removed from office.

- ii. In addition, Albury Parish Council needs a Planning Code of Conduct for Parish Councillors so that Councillors understand what advice and comments they can and cannot make to applicants regarding planning applications. They need to understand what behaviour can be deemed to have fettered their judgement. At present, Parish Councillors receive no training from Guildford Borough Council or SSALC. This is especially important for new Councillors so that they understand the Code of Conduct and Disciplinary Process regarding the behaviour expected of Parish Councillors. In addition, Parish Councillors need to understand the Planning Process and what would constitute a breach of the Councillors Planning Code of Conduct. This training should be provided by GBC at the start of each new electoral year. If this were implemented it would bring the standards, practice and training of Parish Councillors in line with Borough Councillors.

Codes of conduct

(c) *Are local authority adopted codes of conduct for councillors clear and easily understood? Do the codes cover an appropriate range of behaviours? What examples of good practice, including induction processes, exist?*

- i. The Code of Conduct for Parish Councillors that Albury Parish Council has received from SSALC has not been written specifically for Parish Councils, it is an abbreviated version of that given to Borough Councillors. It needs to be re-written properly with specific information regarding behaviour towards the Parish Clerk. Although “bullying” is mentioned in the Code there is no reference to the type of language deemed inappropriate for use when discussing Parish Council business or at meetings. There is no information regarding what would constitute inappropriate sexual behaviour or language. There is no grievance procedure, and no mention of the Monitoring Officer or disciplinary process.

- (d) ***A local authority has a statutory duty to ensure that its adopted code of conduct for councillors is consistent with the Seven Principles of Public Life and that it includes appropriate provision (as decided by the local authority) for registering and declaring councillors' interests. Are these requirements appropriate as they stand? If not, please say why.***
- i. Not enough training is given for new Parish Councillors in this area, and there is currently no disciplinary or grievance process or Monitoring Officer mentioned in the code.

Investigations and decisions on allegations

- (e) ***Are allegations of councillor misconduct investigated and decided fairly and with due process?***

No, there is no clear process or disciplinary/grievance procedure.

- i. ***What processes do local authorities have in place for investigating and deciding upon allegations? Do these processes meet requirements for due process? Should any additional safeguards be put in place to ensure due process?***

None are apparent and a disciplinary and grievance process needs to be put in place. The existing code updated to reflect Parish Councillors and a Planning Code introduced, with training on both.

- ii. ***Is the current requirement that the views of an Independent Person must be sought and taken into account before deciding on an allegation sufficient to ensure the objectivity and fairness of the decision process? Should this requirement be strengthened? If so, how?***

We need a Monitoring Officer that deals specifically with Parish Council disciplinary and grievance procedures.

- iii. ***Monitoring Officers are often involved in the process of investigating and deciding upon code breaches. Could Monitoring Officers be subject to conflicts of interest or undue pressure when doing so? How could Monitoring Officers be protected from this risk***

They should be able to delegate the investigation to another capable officer and take no part in the investigation. The reasons should be clearly documented.

Sanctions

- (f) ***Are existing sanctions for councillor misconduct sufficient?***

- i. ***What sanctions do local authorities use when councillors are found to have breached the code of conduct? Are these sanctions sufficient to deter breaches and, where relevant, to enforce compliance?***

No sanctions are currently in place for Parish Councillors, these should be in line with those for Borough Councillors.

- ii. ***Should local authorities be given the ability to use additional sanctions? If so, what should these be?***

If current sanctions were in line with those for Borough Councillors, there would be no need for additional sanctions

Declaring interests and conflicts of interest

- (g) ***Are existing arrangements to declare councillors' interests and manage conflicts of interest satisfactory? If not please say why.***

No training is available in this area for new Parish Councillors and the disciplinary process needs to be put in place for breaches.

- i. ***A local councillor is under a legal duty to register any pecuniary interests (or those of their spouse or partner), and cannot participate in discussion or votes that engage a disclosable pecuniary interest, nor take any further steps in relation to that matter, although local authorities can grant dispensations under certain circumstances. Are these statutory duties appropriate as they stand?***

Only if training is adequate.

- ii. ***What arrangements do local authorities have in place to declare councillors' interests, and manage conflicts of interest that go beyond the statutory requirements? Are these satisfactory? If not, please say why.***

Unlike Borough Councillors, Parish Councillors do not have access to a Monitoring Officer who can guide them regarding what would constitute a conflict of interest.

Whistleblowing

- (h) ***What arrangements are in place for whistleblowing, by the public, councillors, and officials? Are these satisfactory?***

There are no arrangements in place.

Improving standards

- (i) ***What steps could local authorities take to improve local government ethical standards?***

Parish Councils need: A Parish Council Code of Conduct written specifically for Parish Councils, they need a Disciplinary Code explaining the disciplinary process, they need a Standards Committee and Monitoring Officer for grievances/breaches of Codes. They need a Planning Code of Conduct. They need annual training on all of these areas so that new Parish Councillors are informed and existing Parish Councillors can be appraised of updates.

- (j) ***What steps could central government take to improve local government ethical standards?***

All of the above could be put in place by local borough council and SSALC. Central Govt. could make improvements regarding Councillor intimidation (see below).

Intimidation of local councillors

- (k) ***What is the nature, scale, and extent of intimidation towards local councillors?
What measures could be put in place to prevent and address this intimidation?***

The government needs to review what evidence can be submitted by developers/applicants to the Planning Inspectorate during planning appeals. At present it is possible for developers and applicants to make public, personal false statements about the conduct, ethics and behaviour of Borough and Parish Councillors which can have a material bearing on the appeal by intimidating the Councillor such that they are unable to speak frankly at appeals. This is compounded when there is a Public Hearing and Councillors are expected to face Barristers acting on the part of the appellant. Despite Planning Inspectors saying that they will disregard comments of a personal nature made against Councillors, this is intimidating for Councillors giving evidence, particularly as these comments are often picked up and printed by the press. The Councillor has no right of reply in this situation. Councillors are bound by their Codes of Conduct and any complaint should be addressed to the Monitoring Officer and not made publicly without redress as part of a planning appeal in an attempt to achieve bias. A simple rule that underhand comments made by appellants towards Councillors in either appeal statements or at hearings will lead the appeal to be dismissed, would resolve this.

Corporate Governance and Standards Committee Report

Ward(s) affected: n/a

Report of Director of Environment

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Date: 29 March 2018

Review of the Council's Covert Surveillance Policy

Executive Summary

Following a series of recommendations set out in an external audit report by the Investigatory Powers Commissioner's Office (IPCO) in August 2017, a number of amendments to the Council's Covert Surveillance Policy are proposed. A Senior Responsible Officer (SRO) and two Authorising Officers also need to be formally appointed.

Recommendation to Committee

That the Executive be commended:

- (1) to approve the amended Covert Surveillance Policy, as set out in Appendix 1 to this report; and
- (2) to appoint the Managing Director as the Senior Responsible Officer and the ICT Manager and Audit & Business Improvement Manager as the Council's official Authorising Officers for covert surveillance operations.

Reasons for Recommendations

The recommendations have been advised by IPCO, the regulatory body responsible for covert surveillance.

1. Purpose of Report

- 1.1 To approve the amendments to the Covert Surveillance Policy, to formally appoint a new Senior Responsible Officer (SRO) and to confirm appointments of the ICT Manager and Audit & Business Improvement Manager as the Council's official Authorising Officers for covert surveillance operations. These individuals will replace the Council's former Director of Resources who was previously both SRO and Authorising Officer.

2. Background

- 2.1 The Council's ability to conduct surveillance activity is largely regulated by the Regulation of Investigatory Powers Act 2000 (RIPA) and the associated Codes of Practice. In addition to the Act and codes, the Council has adopted a policy on covert surveillance. This report will propose the adoption of a revised version of that policy.
- 2.2 The Council's Covert Surveillance Policy was originally adopted in 2006 and has been updated on a number of occasions following periodic reviews and inspections by the Office of the Surveillance Commissioner (renamed the Investigatory Powers Commissioner's Office in 2017). The most recent comments from these inspections have informed the revised policy.

3. Equality and Diversity Implications

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

4. Financial Implications

- 4.1 There are no financial implications to this report.

5. Legal Implications

- 5.1 Failure to observe the Regulation of Investigatory Powers Act (RIPA) could potentially constitute a breach of data protection and human rights legislation and could therefore result in significant reputational and/or financial damage to the Council.
- 5.2 Compliance with this policy and guidance document will help to avoid legal challenges to evidence gathered during the course of investigations under the Human Rights Act 1998 and Regulation of Investigatory Powers Act 2000.
- 5.3 Compliance will furthermore assist the Council in working, with its partners, towards the reduction of crime and disorder by ensuring evidence gathered by use of covert surveillance has been acquired legally and that the correct procedures have been followed, including authorisation by a justice of the peace or magistrate.

6. Human Resource Implications

- 6.1 The appointment of two new Authorising Officers will require additional duties for the individuals occupying these posts.

7. Summary of Actions

Recommendation	Notes
1. Amendments to RIPA policy - “Covert Surveillance Policy & Procedure” (CSPP) as recommended in IPCO audit report (August 2017)	
(i) Covert Human Intelligence Source (CHIS) risk assessment reference (para 8.5.3) – to include details of arrangements to provide for the safety and welfare of the CHIS	Additional wording added to draft policy (para 8.5.3) to take this into account
(ii) Policy to direct that arrangements on persons fulfilling role of handler/controller at time of CHIS authorisation to be made and detailed within a CHIS application - see RIPA S29(5)(a) & (b)	Wording added to draft policy – see para 12.3(o)
(iii) Para 11.3 (re what information should be present within the central record) should also list details of when and where a JP/magistrate has granted authorisation	Additional item, added to draft policy to reflect this – see para 11.3(i)
2. Additional section to be added to Policy to address the following points	
(i) Reference to accessing private data on internet & social media for investigative purposes – obligation to mandate limits to ensure that inadvertent surveillance cannot take place - i.e. what online investigative activity are GBC staff members permitted or prohibited from undertaking?	Relevant paragraph added to draft policy (see para 8.8)
(ii) Statement on GBC’s stance on requirement to seek authorisation for directed surveillance	Statement incorporated into para 1.3
(iii) Description of control measures regarding use of covert online identities – e.g. register of identities used and by whom; management processes to ensure Authorising Officer has oversight of extent of online surveillance	Incorporated into para 8.8
3. Operational Actions	
(i) GBC to appoint additional Authorising Officer (AO) to be trained to provide contingency to main AO	ICT Manager and Audit & Business Improvement Manager to be formally appointed as the Council’s official Authorising Officers; policy to be updated accordingly
(ii) Training to be organised for Service Leaders plus Directors	Information Rights Officer currently looking into training options
(iii) Para 5.1 to be updated to reference role of Senior Responsible Officer as being filled by Managing Director	Updated
(iv) Para 3.4 to be amended to include reference to Joint Enforcement Team (JET)	Amended

8. Conclusion

- 8.1 The revised policy and guidance should be approved in order to provide a suitable reference document in line with the inspector's recommendation and organisational changes which have taken place within the Council since the policy was last updated.

9. Appendices

Appendix 1: Covert Surveillance Policy and Procedure Note (v3 2018:1)



Covert Surveillance Policy and Procedure Note

DOCUMENT INFORMATION

Origination/author:	Ciaran Ward Information Rights Officer
Version:	2018:1
This document replaces:	Covert Surveillance Policy 2015-1
Approved by:	
Date of approval:	
Last reviewed:	N/A
Next review date:	March 2020
Target Audience:	All staff
Method of communication:	NETconsent (Targeted mailing list)

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PART 1 - POLICY

1. BACKGROUND AND SUMMARY

- 1.1. The Regulation of Investigatory Powers Act 2000 (RIPA) and associated legislation set out a regulatory framework for the use of covert investigatory techniques by public authorities. It does not provide any powers to carry out covert activities but regulates them in a manner that compatible with the Human Rights Act 1998, particularly Article 8 – the right to respect for private and family life (“Article 8 rights”).
- 1.2. RIPA limits local authorities to using three covert investigation techniques, which are allowed only for the purpose of preventing or detecting crime or preventing disorder. The techniques are:
 - directed surveillance – i.e. covert surveillance in places other than residential premises or private vehicles, where the investigation is likely to obtain information about any aspect of a person’s private life or personal relationships with others, including family and professional or business relationships,
 - covert human intelligence sources (CHIS) – this includes informants using a relationship with the individual under investigation or another person to obtain and pass on any information (not just private information). This can therefore include undercover officers, public informants and, in some circumstances, people who make test purchases,
 - ‘communications data’ – specifically ‘service use information’ (such as the type of communication, time sent and its duration); and ‘subscriber information’ (which includes billing information such as name, address and bank details of the subscriber or telephone or internet services). **Note:** there is a third type of communications data, referred to as ‘traffic data’ (which includes information about where the communications are made or received) – *under no circumstances can the Council authorise the acquisition of traffic data under RIPA nor may the Council intercept the content of any person’s communications.*
- 1.3. The use of the above techniques must be authorised internally by a designated authorising officer and then by a magistrate. Directed surveillance can only be used where (1) *necessary* to investigate a suspected crime or disorder with a maximum sentence of at least six months’ imprisonment and (2) *proportionate* (balancing the seriousness of the intrusion into privacy against the seriousness of the offence and whether the information can be obtained by other means). Where unauthorised evidence-gathering activity interferes with the right to respect for private and family life, and where there is no other source of lawful authority for it, the consequence may be that the evidence has been gathered unlawfully. The courts may therefore disallow the evidence, a complaint of maladministration could be made to the Ombudsman or Investigatory Powers Tribunal, and the Council could be ordered to pay compensation.
- 1.4. The Council has provided this policy and procedural document to ensure that any covert surveillance activity undertaken by Council officers is necessary, proportionate, authorised and conducted legally. This will help ensure that any evidence gained during any operation is lawful and permissible in Court and meets the aims of the investigation.

- 1.5. All involved with covert investigations must comply with this document and any further guidance that may be issued from time to time, by the Senior Responsible Officer (SRO) in respect of the Council's compliance with RIPA and its associated legislation.
- 1.6. In addition to this policy and guidance, officers must take into account the Codes of Practice issued under RIPA (the Codes of Practice are at <https://www.gov.uk/government/collections/ripa-codes>).

2. POLICY STATEMENT

- 2.1. Guildford Borough Council may use covert surveillance to carry out certain statutory functions. In order to do this in a fair and lawful manner, and in accordance with Human Rights legislation, the Council is committed to complying with the Regulation of Investigatory Powers Act 2000 (RIPA) and its associated legislation. Therefore, directed surveillance will only take place if it is to prevent or detect a criminal offence punishable by a maximum custodial sentence of at least six months or relates to the underage sale of alcohol and tobacco and where it has been authorised by an appointed Authorising Officer and a magistrate.
- 2.2. Officers shall seek an authorisation where the directed surveillance, the use of a source or the obtaining of communications data is likely to interfere with a person's Article 8 rights to privacy by obtaining private information about a person (whether or not that person is the subject of the investigation or operation). Obtaining an authorisation will ensure that the action is carried out in accordance with law and subject to stringent safeguards against abuse.
- 2.3. Guildford Borough Council will comply with the Covert Surveillance Codes of Practice Pursuant to Section 71 of RIPA (the Code). All officers who carry out covert surveillance activity will be required to follow the procedures and guidance set out in this policy document.
- 2.4. The Council will provide training for all staff that are, or may become, involved with covert evidence-gathering operations, as identified by the relevant head of service. The Council will also monitor its own working practice on a regular basis.
- 2.5. This Council is subject to periodical inspections by the Investigatory Powers Commissioner's Office (IPCO) to ensure compliance with RIPA and to review the Council's policies, procedures, and individual authorisations. Further details about inspections can be found at <https://www.ipco.org.uk/>
- 2.6. There is a statutory complaints system, which is welcomed by the Council. The Investigatory Powers Tribunal deals with complaints from members of the public about the use of the powers by public authorities. The Tribunal is separate from the IPCO. The Council welcomes this external scrutiny. It expects its officers to co-operate fully with these statutory bodies and to bring forward any proposals for improvement that may follow on from an inspection report or a Tribunal hearing.

3. SCOPE OF THIS POLICY AND PROCEDURAL DOCUMENT

- 3.1. This policy and procedural document relates to the authorisations of directed surveillance, sources (CHIS) and acquisition of communications data.
- 3.2. An authorisation under RIPA will provide lawful authority for the investigating officer to carry out the investigation as described in the application form and in accordance with any further direction given by the authorising officer and the magistrate.
- 3.3. Some investigations may not relate to the Council's core functions, such as the monitoring of the Council's e-mails and internet usage. It is important to recognise the interplay and overlaps with the Council's Acceptable Use policies and guidance, the Telecommunications (Lawful Business Practice) (Interception of Communications) Regulations 2000 ("Lawful Business Practice Regulations") and the Data Protection Act 1998. Authorisations under RIPA should be made **where relevant** and they will only be relevant where the **criteria** listed on the authorisation forms are fully met.
- 3.4. In particular, RIPA is not relevant to the following activities:
 - (a) covert surveillance by way of an immediate response to events;
 - (b) covert surveillance as part of general observation activities at trouble 'hotspots' and routine patrols;
 - (c) covert surveillance that does not relate to core functions, which should be conducted under legislation other than RIPA;
 - (d) overt use of CCTV and ANPR systems, which are regulated by the Data Protection legislation and associated codes of practice (includes body-worn cameras)
 - (e) certain other specific situations
- 3.5. Where RIPA is not relevant, other empowering legislation will apply instead. In addition, the Data Protection Act 1998 is likely to regulate the use and obtaining of any evidence relating to any living individual. In these cases, the officer responsible must carry out a privacy impact assessment (PIA) and seek advice from the Information Rights Officer (IRO).

4. REVIEW OF THIS POLICY AND PROCEDURAL DOCUMENT

- 4.1. RIPA and this document are important for the effective and efficient operation of the Council's actions regarding surveillance. Therefore, the SRO will keep this document under review. Authorising Officers must bring any suggestions for continuous improvement of this document to the attention of the SRO at the earliest possible opportunity.
- 4.2. Officers will review the policy annually in consultation with councillors. The associated procedures will also be reviewed regularly to reflect changes in legislation and good practice.

5. GOVERNANCE ROLES, RESPONSIBILITIES AND COMMUNICATION

Senior Responsible Officer (SRO)

5.1. The Managing Director (TBC) is the Senior Responsible Officer (SRO). The SRO is responsible for:

- the integrity of the process in place for the management of sources and directed surveillance;
- compliance with Part 2 of RIPA and the associated Codes;
- oversight of the reporting of errors to the relevant oversight Commissioner and the identification of both the cause(s) of errors and the implementation of processes to minimise the repetition of errors;
- engagement with the IPCO inspectors when they conduct their inspections, where applicable; and
- where necessary, oversight of the implementation of post-inspection action plans approved by the relevant oversight Commissioner
- ensuring appropriate training is available for Authorising Officers and relevant staff.

RIPA Coordinating Officer

5.2. The IRO is the RIPA Coordinating Officer. The RIPA Coordinating Officer will:

- (a) monitor and keep the central record of authorisations,
- (b) provide day-to-day advice on the use of covert surveillance and
- (c) will provide a quarterly report to the Corporate Governance Group and the Leader of the Council. This report will set out the number and nature of covert surveillance authorisations under RIPA, highlighting any areas of concern.
- (d) provide governance support to the SRO as required or directed

Single Point of Contact (SPoC) for communications data

5.3. The Council will use the SPoC service provided by the National Anti-Fraud Network (NAFN), and the Investigations Manager or the Information Rights Officer are the designated contacts.

5.4. The SPoC:

- a) where appropriate, assesses whether access to the communications data is reasonably practical for the postal or telecommunications operator;
- b) advises applicants and Authorising Officers on the practicalities of accessing different types of communications data from different postal or telecommunications operators;
- c) provides safeguards for authentication;
- d) assesses the cost and resource implications to both the authorisation and postal or telecommunications operator.

Corporate Governance Group

5.5. The Corporate Governance Group will consider internal reports on the use of RIPA on a quarterly basis to ensure that the Council is using its powers consistently with this policy and that the policy remains fit for purpose. However, they will not be involved in making decisions on specific authorisations.

Councillors

5.6. Officers will consult councillors during the annual review of this policy. The Leader will receive a copy of the quarterly report to Corporate Governance Group.

5.7. Authorising Officers

The Authorising Officers must keep the relevant lead councillor informed of operations they are authorising. However, they must only provide an anonymised summary. Responsibilities during the authorisation process are set out in detail in 8.3.

6. COMPLAINTS

- 6.1. Complaints regarding Covert Surveillance must be directed to the SRO.
- 6.2. In order to maintain separation of duties, the officer who authorised the Covert Surveillance activity subject to a complaint must not carry out the investigation into the complaint.
- 6.3. The SRO may review the conduct of particular operations at any time.

PART 2

7. SUMMARY OF THE AUTHORISATION PROCEDURE

7.1. The following is an overview. A more detailed description, together with an explanation of specific terms, is contained in the detailed procedures that follow.

i.	Investigating officers must obtain a unique reference number from the RIPA Coordinating Officer for any planned, covert operation for which they intend to apply for authorisation.
ii	<p>Directed surveillance and sources</p> <p>Wherever possible, investigating officers must submit applications for authority to a designated Authorising Officer (see Part 3, Appendix A). An up-to-date list of Authorising Officers and further advice can be obtained from the Information Rights Officer (IRO) or Data Protection Officer (DPO).</p> <p>Where a likely consequence of surveillance is the acquisition of Confidential Material, the investigating officer must, always seek authority from the Managing Director or, in his or her absence, the Acting Managing Director.</p> <p>Applications for the renewals and cancellations of surveillance must be authorised by the same authorising officer where this is possible.</p> <p>Communications Data</p> <p>Investigating officers must pass applications for communications data to the IRO or the Investigations Manager, who will administer the application and liaise with the Authorising Officer.</p> <p>In all cases, the current forms provided by the Home Office must always be used.</p>
iii	Authorising Officers (<i>not the investigating officer</i>) must document, on the authorisation form, their consideration of the proportionality and necessity of each exercise.
iv	Once authorised, the Authorising Officer will ensure that the administration at the Magistrates Court is contacted to arrange a hearing for judicial approval (the current <i>Application for judicial approval</i> form, as published by the Home Office, must be used for this purpose.
v	Investigating Officers must keep appropriate records of their investigation in line with established retention periods. They must forward a copy of all authorisations (including judicial approval form), reviews, renewals and cancellation forms, duly authorised (or where relevant, rejected), to the RIPA Coordinating Officer for inclusion in the central record as soon as possible. Forms will remain on the central record for three years from date of cancellation.
vi	The RIPA Coordinating Officer must provide a quarterly report to the Corporate Governance Group summarising authorisations to date and highlighting any areas of concern. The Leader of the Council will also receive a copy of this report.

8. AUTHORISATION OF SURVEILLANCE

8.1. Activity requiring authorisation

8.1.1. Authorisation is required for the following activities (Please see the definitions in Appendix B):

- directed surveillance,
- use of sources ('covert human intelligence sources') and
- the acquisition or disclosure of communications data

8.1.2. Officers undertaking investigations on behalf of the Council must seek authorisation in writing for any of the above activities. The authorisations must be set out on the latest forms as published by the Home Office. The forms should not be adapted or modified unless authorised by the SRO.

8.2. Unique Reference Numbers (URNs)

8.2.1. Each application for authorisation must have a Unique Reference Number (URN). The officer applying for authorisation must first obtain the next available URN from the RIPA Coordinating Officer. Rejected forms will therefore also have URNs.

8.3. Authorising Officers – roles and responsibilities

8.3.1. Only specified senior managers may authorise covert surveillance (see Part 3, Appendix A). The Managing Director will inform those that may do so in writing. The Managing Director must approve all proposed changes to the delegation arrangements as far as they relate to any activities covered by this policy and procedure document. The Council's Authorising Officers are identified on the Intranet together with this policy and in the Council's Constitution.

8.3.2. Authorising Officers are responsible for overseeing each investigation and ensuring investigating officers follow the procedures set out in this document.

8.3.3. Authorising Officers cannot further sub delegate their powers to authorise covert surveillance.

8.3.4. Authorising Officers must not grant authorisation unless they believe it is necessary and proportionate *for the purpose of preventing or detecting crime or preventing disorder*. The Council may not use directed surveillance powers under RIPA except in relation to offences attracting a maximum sentence of at least six months' imprisonment or are related to the underage sale of alcohol or tobacco. See section 9 for guidance on the necessity and proportionality test.

8.4. Authorising the acquisition of Confidential Material (see Appendix B for definition)

8.4.1. The investigating officer must seek authority from the Managing Director, or, in his or her absence, the Acting Managing Director. The fullest consideration must be given to any cases where the subject of the surveillance might reasonably expect a high degree of privacy.

8.4.2. Applications in which the surveillance is likely to result in the acquisition of confidential material will be considered only in exceptional and compelling circumstances. The investigating officer must have full regard to the proportionality issues this raises.

8.5. Authorisation for the use of sources

8.5.1. A source may include those referred to as agents, informants and officers working undercover. Appendix C contains advice on how to identify whether your investigation includes the use of a source.

8.5.2. An Authorising Officer must not grant an authorisation for the use or conduct of a source unless there is a person with the responsibility for maintaining a record of the use made of the source at all times.

8.5.3. The Authorising Officer shall ensure that arrangements are in place for the proper oversight and management of sources, including appointing individual officers for each source. The Authorising Officer shall carry out a risk assessment before authorising the source. The risk assessment should include provisions for the safety and welfare of the source, and as such should be updated throughout the duration of the authorisation.

8.5.4. The person responsible for the day-to-day contact between the public authority and the source will usually be of a rank or position below that of the Authorising Officer.

8.5.5. Officers using a source shall consider the safety and welfare of that source (even after cancellation of the authorisation), and the foreseeable consequences to others of the tasks they are asked to carry out.

8.5.6. The Authorising Officer shall have regard to the special safeguards and provisions that apply to vulnerable individuals and juvenile sources, set out in more detail in the Covert Human Intelligence Source Code of Practice published by the Home Office at <http://www.security.homeoffice.gov.uk>.

8.5.7. Only the Managing Director or, in his or her absence, the Acting Managing Director is able to authorise the use of vulnerable individuals and juvenile sources (see Appendix E for special requirements for juveniles).

8.6. Authorising acquisition of communications data

8.6.1. Applications to obtain communications data will be submitted on the current Home Office forms to the National Anti-Fraud Network (NAFN) service. Investigating officers should contact the RIPA Coordinating Officer or, in the case of Benefit Fraud investigations, the Investigations Manager in the first instance for advice on the current procedure.

8.6.2. Once the authorisation has judicial approval, it will last for one month.

8.6.3. Communications data, and all copies, extracts and summaries of it must be handled and stored securely.

8.6.4. Officers must observe the requirements of the Data Protection Act 1998 and the principles of the Criminal Procedure and Investigations Act 1996. Officers must seek advice when they have questions about information security and integrity.

8.7. Communications Data – Special Procedure

8.7.1. There are two ways of authorising access to communications data;

- Through a Section 22(3) authorisation: An authorisation would allow the Council to collect or retrieve the data itself, or
- By a Section 22(4) notice: This is given to a postal or telecommunications operator and requires that operator to collect or retrieve the data and provide it to the council.

8.7.2. An Authorising Officer decides whether or not an authorisation should be granted or a notice given.

8.7.3. In order to illustrate, a Section 22(3) authorisation may be appropriate where:

- the postal or telecommunications operator is not capable of collecting or retrieving the communications data;
- it is believed the investigation may be prejudiced if the postal or telecommunications operator is asked to collect the data itself;
- there is a prior agreement in place between the authority and the postal or telecommunications operator as to the appropriate mechanisms for the disclosure of data.

8.7.4. Only Council officers may make applications for the obtaining and disclosure of communications data.

8.7.5. Notices and authorisations for communications data must be submitted through the NAFN – please contact the IRO or the Investigations Manager for more information.

8.8. Social Media

In some investigations, social media sites can form a useful source of intelligence. Usually a review of open source sites will not need authorisation. However, if reviews are carried out on the same individual with some regularity, this may amount to directed surveillance and authorisation should be obtained.

In cases where authorisation is not required, a Privacy Impact Assessment must be carried out beforehand to ensure that any accessing of data must be necessary and proportionate. If the surveillance relates to an employee, then reference should be made to the [ICO Employment Practices Code](#).

If it is necessary and proportionate for the Council to covertly breach privacy controls (e.g. by becoming an account holder's "friend" using a false identity) to conduct an investigation, then a directed surveillance authorisation will be required. A register detailing identities used and by whom should then be created. The Authorising Officer should be kept informed about the progress of all such operations.

If the surveillance involves more than merely reading the sites contents, then an authorisation for the use and conduct of a CHIS will be required (see section 12.3).

8.10. Applying for judicial approval

- 8.10.1. This is obtained as soon as possible after authorisation by one of the Council's designated officers as described above and is required for authorisation applications and renewals (not internal reviews or cancellations)
- 8.10.2. The authorising officer should take steps to contact Her Majesty's Courts and Tribunals Service (HMCT) administration at the magistrates' court to arrange a hearing. The authorising officer may delegate this to the investigating officer.
- 8.10.3. The hearing is a legal proceeding and so officers must be formally designated to attend, be sworn in and present evidence or information as required. It is envisaged the investigating officer will usually attend as they will have the detailed knowledge required to answer the questions that might be raised. However, it is important to note that the forms and supporting papers must, by themselves, make the case for authorisation.
- 8.10.4. The magistrate should have sight of the authorisation form and the supporting documents setting out the case – that is, all information the authorisation relied on. However, the Council must retain the original documentation.
- 8.10.5. The magistrate must be provided with a partially completed judicial application form and they will complete the order section of the form and this will be the official record of the magistrate's decision.
- 8.10.6. Where renewals are timetabled to fall outside of court hours, it is the Council's responsibility to ensure the renewal is completed ahead of the deadline.

8.9. Training

- 8.9.1. The SRO is responsible for ensuring relevant members of staff are suitably trained as Authorising Officers and 'applicants', so as to avoid common mistakes appearing on forms for RIPA authorisations.
- 8.9.2. Training will be given, or approved by the SRO, before Authorising Officers are certified to sign any RIPA forms. A certificate of training will be provided to the individual and a central register of all those individuals who have undergone training or a one-to-one meeting with the SRO on such matters, will be kept by the RIPA Coordinating Officer.

8.10. Activities by other Authorities

- 8.10.1. Care is needed to ensure that there is no conflict between the activities of this Council and other public authorities. The investigating officer should make enquiries of other public authorities (e.g. the police) to find out whether they are carrying out similar activities if he or she considers that there is such a possibility.

8.11. Joint Investigations (collaborative working)

- 8.11.1. When some other agency has been instructed on behalf of the Council to undertake any action under RIPA, this document and the forms in it must be used (as for the normal procedure) and the agency advised or kept informed of the various requirements. They must be made aware explicitly of what they are authorised to do.
- 8.11.2. When some other agency (e.g. police, Customs & Excise, Inland Revenue and so on) wishes to use:

- (a) the Council's resources (e.g. CCTV surveillance systems), that agency must use its own RIPA procedures. Before any officer agrees to allow the Council's resources to be used for the other agency's purposes, he must obtain a copy of that agency's RIPA form for the record and/or relevant extracts which are sufficient for the purposes of protecting the Council and the use of its resources.

- (b) the Council's premises for their own RIPA action, the officer should normally co-operate unless there are security, or other good operational or managerial, reasons as to why the Council's premises should not be used for the agency's activities. In such cases, the Council's own RIPA forms should not be used as the Council is only assisting and not being involved in the RIPA activity of the external agency.

8.11.3. In terms of (a), if the police or another agency wish to use the Council's resources for general surveillance (as opposed to specific covert investigations), they must provide a letter requesting the proposed use. This must include the remit, duration, details of who will be undertaking the general surveillance and the purpose of it before any Council resources are made available. A copy of this letter must be provided to the RIPA Coordinating Officer for the central record.

9. THE 'NECESSARY & PROPORTIONATE' TEST

9.1. Responsibility for the test

9.1.1. An Authorising Officer shall not grant an authorisation unless he believes:

- a) that an authorisation is necessary and
- b) the authorised investigation is proportionate

9.1.2. When deciding whether the surveillance is necessary and proportionate, the Authorising Officer must consider the following:

9.2. "Necessary"

9.2.1. The exercise is deemed "necessary" if it is for the purpose of preventing and detecting a serious crime. A serious crime would attract a maximum sentence of at least six months' imprisonment.

9.3. "Proportionate"

9.3.1. The exercise is not "proportionate" if it is excessive in the overall circumstances of the case. The Authorising Officer would therefore need to explain the specific circumstances of each investigation, including whether the scale of the operation, the methods used and the impact on privacy would be excessive in relation to the allegation.

9.3.2. The proposed exercise and the methods used in the operation must meet the objective in question and must not be arbitrary or unfair nor must the impact on any individuals or group be too severe.

9.3.3. The Authorising Officer must explain why the methods used are the least invasive required to achieve the aims of the investigation and what other methods had been considered and why they were not implemented.

9.3.4. The authorising Officer must assess the risk of intrusion into the privacy of persons other than those who are directly the subjects of the investigation (see Collateral Intrusion below).

9.3.5. The Authorising Officer must give careful consideration to all of these points. They must demonstrate this on the authorisation form in the relevant parts.

9.3.6. Authorising Officers must exercise their minds every time they are asked to sign a form. They must never sign or 'rubber stamp' the form without thinking about their personal and the Council's responsibilities.

9.3.7. If the Authorising Officer believes that any boxes on the form/s are not relevant in a particular case, these must be clearly marked as being 'not applicable' or a line put through them.

9.3.8. The Authorising Officer must take great care to ensure they use accurate information and record it in the correct boxes. They must record reasons for any refusal of an application on the form so that there is a clear audit trail.

- 9.3.9. Authorising Officers should not be responsible for authorising investigations or operations in which they are directly involved.

9.4. Collateral Intrusion

- 9.4.1. Before authorising investigative procedures, the Authorising Officer shall take into account the risk of intrusion into the privacy of persons other than those who are directly the subjects of the investigation or operation (collateral intrusion).
- 9.4.2. The investigating officer shall take measures, wherever practicable, to avoid or minimise unnecessary intrusion into the lives of those not directly connected with the investigation or operation.
- 9.4.3. An application for an authorisation shall include a risk-assessment of any collateral intrusion. The Authorising Officer shall take this into account, when deciding whether the surveillance is proportionate.
- 9.4.4. Where an operation unexpectedly interferes with the privacy of individuals who were not the subject of surveillance or covered by the authorisation in some other way, the investigating officer should inform the Authorising Officer.

10. DURATION, REVIEWS, RENEWALS AND CANCELLATION OF AUTHORISATIONS

10.1. Duration

10.1.1. Authorisations last for:

- a) three months from date of grant or latest renewal for directed surveillance
- b) 12 months from date of written grant for the conduct or use of a source
- c) one month from date of written notice or authorisation for communications data, or earlier if cancelled under Section 23(8) of the Act.

10.1.2. Officers should note that the authorised period starts from the date authorisation is granted – not from the date the surveillance begins.

10.1.3. Authorisations must not expire. They must be kept under review, and then renewed or cancelled if no longer required.

10.2. Reviews

10.2.1. The Authorising Officer must review the operation by the date he or she has entered on the authorisation form (or latest renewal, if applicable). The purpose of the review is to assess the need for the surveillance to continue, taking into account the specific circumstances and sensitivities of the investigation. They must cancel the authorisation if it is no longer needed.

10.2.2. The Authorising Officer should record the results of the review on the standard review form and ensure they add a copy to the central record of authorisations held by the RIPA Coordinating Officer.

10.2.3. Where the surveillance provides access to confidential or sensitive information or involves collateral intrusion the officer should conduct reviews more frequently.

10.3. Renewals

10.3.1. Authorisations may be renewed more than once, if necessary, and the renewal should be kept and recorded as part of the central record of authorisations.

10.3.2. Authorisations can be renewed in writing shortly before the maximum period has expired. The renewal will begin on the day when the authorisation would have expired.

10.3.3. An authorisation cannot be renewed after the authorised period has expired. In this case, the Authorising Officer must cancel the authorisation and consider the matter afresh, taking into account the benefits of the surveillance to date and any collateral intrusion that has occurred.

10.3.4. The Authorising Officer who granted or last renewed the authorisation must cancel it if he or she is satisfied that the investigative procedure no longer meets the criteria upon which it was authorised.

10.3.5. Standard renewal forms for the authorisation of directed surveillance and CHIS are available on the Intranet and from the Home Office website.

10.4. Cancellations

10.4.1. An Authorising Officer must cancel an authorisation as soon as it is no longer necessary, or the conduct is no longer proportionate to what is sought to be achieved. The duty to cancel a notice falls on the Authorising Officer who issued it.

10.4.2. In the case of a notice issued in respect of communications data, the relevant postal or telecommunications operator must be informed of the cancellation.

10.4.3. The standard Home Office cancellation forms should be used

10.5. THE CENTRAL RECORD

- 10.6. The RIPA Coordinating Officer will maintain a central register of covert surveillance and use of sources in order to comply with legal requirements and for quality assurance purposes.
- 10.7. Authorising Officers must ensure copies of the following documents are included in the Council's central record:
1. Authorisation Forms (whether or not the authorisation is granted or refused)
 2. Review forms
 3. Renewal forms
 4. Cancellation forms
- 10.8. The central record shall contain the following information for each case:
- a) the type of authorisation or notice
 - b) the date the authorisation or notice was given;
 - c) name and rank/grade of the Authorising Officer;
 - d) the unique reference number (URN) of the investigation or operation;
 - e) the title of the investigation or operation, including a brief description and names of subjects, if known;
 - f) if the authorisation or notice is renewed, when it was renewed and who authorised the renewal, including the name and rank/grade of the Authorising Officer;
 - g) whether the investigation or operation is likely to result in obtaining confidential information;
 - h) the date the authorisation or notice was cancelled.
 - i) where and when a Justice of the Peace or Magistrate has granted authorisation
- 10.9. These records will be retained for a period of at least three years from the ending of the cancellation. A record will be kept of the dates on which the authorisation notice is started and cancelled.
- 10.10. Authorising Officers must provide the relevant forms to the RIPA Coordinating Officer within 1 week of the authorisation, review, renewal, cancellation or rejection.
- 10.11. Authorising Officers must ensure that copies of any forms, sent through the internal postal system, are in sealed envelopes using the security measures required for documents classified as Official-Sensitive.
- 10.12. This record will be monitored and appropriate advice given from time to time. The record will also be made available to the relevant Commissioner or an Inspector from the Investigatory Powers Commissioner's Office.
- 10.13. Each Investigating Officer must retain the original form with the working file of the investigation.

11. RECORDS RETENTION AND DESTRUCTION

11.1. Retention of material obtained through surveillance

11.1.1. Arrangements must be in place for the handling, storage and destruction of material obtained using covert surveillance, a source or the obtaining or disclosure of communications data. The Authorising Officer must make the following arrangements to protect the material:

- A named officer responsible for retaining the information and disposing of the information in a secure manner.
- Physical, technical and organisational measures must have been put in place to prevent unauthorised access to and use of the information obtained by the surveillance exercise.
- Physical, technical and organisational measures must have been put in place to prevent accidental or unauthorised loss of the information obtained by the surveillance exercise.

11.1.2. Authorising Officers must ensure compliance with data protection and local documented working procedures relating to the handling and storage of material.

11.1.3. Material obtained from properly authorised surveillance or a source may be used in other investigations. Where the product of surveillance could be relevant to pending or future proceedings, it should be retained in accordance with established disclosure requirements for a suitable period and subject to review.

11.2. Records maintained by the Investigating Officer

11.2.1. RIPA forms and any information collected by means of covert surveillance should be retained securely for **six years** after which the Authorising Officer must review whether the information should be disposed of or kept for a further length of time.

11.2.2. The Authorising Officer should take into consideration the status of any legal proceedings connected to the operation and the likelihood of any future legal action (including action taken by the subject(s) of the surveillance).

11.2.3. The justification for any decision to keep the information for longer than six years must be documented and kept with the file.

11.2.4. The following documentation must be kept but need not form part of the central record:

- a) Supplementary documentation and notification of the approval given by the Authorising Officer;
- b) Supporting documentation submitted when a renewal is requested;
- c) the date and time when any instruction is given by the Authorising Officer.

11.3. Covert Human Intelligence Source Records (CHIS)

11.3.1. Investigating Officers must keep proper records of the authorisation and use of a source. The records shall contain the following information:

- (a) the identity of the source;

- (b) the identity, where known, used by the source;
- (c) any relevant investigating authority other than the Council;
- (d) the means by which the source is referred to within each relevant investigating authority;
- (e) any other significant information connected with the security and welfare of the source;
- (f) any confirmation made by a person granting or renewing an authorisation for the conduct or use of a source that the information in paragraph (d) has been considered and that any identified risks to the security and welfare of the source have where appropriate been properly explained to and understood by the source;
- (g) the date when, and the circumstances in which, the source was recruited;
- (h) the identities of the persons who, in relation to the source;
 - i. hold day-to-day responsibility for dealing with the source and for the source's security and welfare
 - ii. have a general oversight of the use made of the source (not to be the person identified in (h)(i))
 - iii. have responsibility for maintaining a record of the use made of the source
- (i) the periods during which those persons have discharged those responsibilities;
- (j) the tasks given to the source and the demands made of him in relation to his activities as a source;
- (k) all contacts or communications between the source and a person acting on behalf of any relevant investigating authority;
- (l) the information obtained by the conduct or use of the source;
- (m) any dissemination of information obtained in that way; and
- (n) in the case of a source who is not an undercover operative, every payment, benefit or reward and every offer of a payment, benefit or reward that is made or provided by or on behalf of any relevant investigating authority in respect of the source's activities for the benefit of that or any other relevant investigating authority.
- (o) persons fulfilling the role of Handler and Controller with day-to-day responsibility for dealing with the source on behalf of the authority, and for the source's security and welfare must be identified and recorded as per section 29(5)(a) and (b) of the Regulation of Investigatory Powers Act.

PART 3

APPENDIX A

AUTHORISING OFFICERS

Please check the Intranet for the most up to date list of Authorising Officers.

Authorisations involving the acquisition of confidential material or the use of minors as sources:

Authorising Officer 1 (TBC)

Authorising Officer 2 (TBC)

Designation	Name
SRO	Steve White (until 12/02/18)
Authorising Officer 1	Steve White (until 12/02/18)
Authorising Officer 2	TBC
Managing Director	James Whiteman

APPENDIX B

DEFINITIONS

Communications Data

This covers the obtaining of communications data and the disclosure to any person of such data. Communications data relates to a postal service or telecommunications system. For these purposes, communications data includes information relating to the use of a postal service or telecommunications system but does not include the contents of the communication itself, content of emails or interaction with websites.

Communications data includes subscribers' details, names, addresses, and telephone numbers of those contacted, billing addresses, account information, web addresses visited etc.

Two types of data (Customer Data or Service Data) are available to local authorities and, when making an application for obtaining or disclosing such data, the applicant must specify exactly which type of information is required from within each of the subscriber data and service use data.

a) Customer data – (Subscriber data, RIPA s21(4))

Customer data is the most basic. It is data about users of communication services.

This data includes:

- Name of subscriber
- Addresses for billing, delivery, installation
- Contact telephone number(s)
- Abstract personal records provided by the subscriber (e.g. demographic information)
- Subscribers' account information – bill payment arrangements, including bank, credit/debit card details
- Other services the customer subscribes to.

b) Service data – (Service Use data, RIPA s21(4)(b))

This relates to the use of the service provider's services by the customer, and includes:

- The periods during which the customer used the service(s)
- Information about the provision and use of forwarding and re-direction services by postal and telecommunications service providers
- 'Activity', including itemised records of telephone calls (numbers called), internet connections, dates and times/duration of calls, text messages sent
- Information about the connection, disconnection and reconnection of services

- Information about the provision of conference calling, call messaging, call waiting and call barring telecommunications services
- Records of postal items, such as records of registered, recorded or special delivery postal items, records of parcel consignment, delivery and collection
- 'Top-up' details for prepay mobile phones – credit/debit card, voucher/e-top up details

A third type of data (traffic data) is not accessible to local authorities.

Confidential Journalistic Material

This relates to material acquired or created for the purposes of journalism and subject to an undertaking to hold it in confidence, as well as communications resulting in information being acquired for the purposes of journalism and held subject to such an undertaking.

Confidential Material

This is information relating to an area where the subject of the investigation or operation might reasonably expect a high degree of privacy, or where confidential information is involved. Confidential information consists of matters subject to legal privilege, confidential personal information or confidential journalistic material.

Confidential Personal Information

This is information held in confidence relating to the physical or mental health or spiritual counselling concerning any identifiable individual (living or dead). This may include oral and written communications subject to an express or implied undertaking to hold the information in confidence.

Please note that the definition above applies only in the context of covert surveillance and differs from the definitions of sensitive personal information used in guidance on data protection matters.

Covert

In general, this is something carried out in a manner calculated to ensure that the subject of the surveillance is unaware of it.

Covert Human Intelligence Source: Key Features:

- Aims to establish a relationship (personal or otherwise) with another person for the covert purpose of obtaining information and/or disclosing it covertly.

Directed Surveillance:

Directed surveillance is surveillance which is covert (in other words, carried out in such a way that the subject would not know they are under surveillance), but not intrusive, and is undertaken:

- a) for the purposes of a specific investigation or operation;
- b) in such a manner as is likely to result in the obtaining of private information about a person (whether or not one specifically identified for the purposes of the investigation or operation); and
- c) not as an immediate response to events or circumstances of such a nature that it would be unreasonable and impracticable for an authorisation under RIPA to be sought for the surveillance.

Intrusive Surveillance:

Directed surveillance turns into intrusive surveillance if carried out involving anything that occurs on residential premises or any private vehicle and involves the presence of someone on the premises or in the vehicle or is carried out by means of a surveillance device.

If the device is not on the premises or in the vehicle, it is only intrusive surveillance if it consistently produces information of the same quality as if it were.

Where surveillance is carried out by a device designed or adapted principally for the purpose of providing information about the location of a vehicle, the activity is directed surveillance.

Surveillance involving commercial premises and commercial vehicles does not fall within the definition of intrusive surveillance.

*Local authorities are **not** allowed to carry out intrusive surveillance.*

Surveillance includes:

- a) monitoring, observing or listening to persons, their movements, their conversations or their other activities or communication;
- b) recording anything monitored, observed or listened to in the course of surveillance; and
- c) surveillance by or with the assistance of a surveillance device.

Surveillance includes the interception of postal and telephone communications where the sender or recipient consents to the reading of or listening to or recording of the communication. This is a form of directed surveillance.

APPENDIX C

FURTHER GUIDANCE

Q.1. IS MY OPERATION 'DIRECTED SURVEILLANCE'?

Ask yourself the following questions:

1. Is the surveillance *covert*?

- 1.1. Covert surveillance is any surveillance carried out in a way calculated to ensure that the persons under surveillance are unaware it is taking place.
- 1.2. If your activities are not hidden from the subjects of your investigation, you are not within the RIPA framework at all. In many cases, Officers will be behaving in the same way as a normal member of the public (e.g. in the case of most test purchases), and/or will be going about Council business openly (e.g. a market inspector walking through markets).
- 1.3. Similarly, surveillance is overt if the subject has been told it will happen - e.g. where a noisemaker is warned (preferably in writing) that noise will be recorded if it continues, or where an entertainment licence is issued subject to conditions, and the licensee is told that officers may visit without notice or identify themselves to the owner to check that conditions are being met.
- 1.4. It should be noted that if the same outcome can be achieved by overt means then those means need to be fully explored in the first instance. Covert surveillance must only be undertaken when there is no less invasive way of achieving the outcome.

2. Is the surveillance for the purposes of a specific investigation or a specific operation?

- 2.1. The provisions of the Act do not normally cover the use of overt CCTV surveillance systems (such as those operated by Car Parks or the Safer Guildford Partnership), since members of the public are aware that such systems are in use. However, there may be occasions when the council wishes to use overt CCTV systems for the purposes of a specific operation – eg if the cameras are targeting a particular known offender. In such cases, authorisation for directed surveillance may be necessary. The procedure for the use of overt CCTV for a covert operation is covered in a separate protocol document.

3. Is the surveillance to be carried out in such a manner that it is likely to result in the obtaining of private information about a person?

- 3.1. Private information includes any information relating to a person's private or family life. Private information should be broadly interpreted to include an individual's private or personal relationship with others. It includes an individual's business and family relationships. Family life should be treated as extending beyond the formal relationships created by marriage.

4. Is the surveillance otherwise than by way of an immediate response to events or circumstances where it is not reasonably practicable to get authorisation?

- 4.1. *Directed surveillance* does not include covert surveillance carried out by way of an immediate response to events or circumstances which, by their very nature, could not have been foreseen. For example, a police officer would not require an authorisation to conceal himself and observe a suspicious person that he came across in the course of a patrol.
- 4.2. However, if as a result of that immediate response, you decide to undertake a specific investigation you will then need authorisation.

Q.2. AM I USING A COVERT HUMAN INTELLIGENCE SOURCE?

1. A person is a source if:
 - a) He establishes or maintains a personal or other relationship with a person for the covert purpose of assisting anything falling within paragraph (b) or (c);
 - b) He is covertly using such a relationship to obtain information or to provide access to any information to another person; or
 - c) He is covertly disclosing information obtained by the use of such a relationship or as a consequence of the existence of such a relationship.
2. A source may include those referred to as agents, informants and officers working undercover.
3. Such a purpose is 'covert', if and only if, the relationship is conducted in a manner that is calculated to ensure that one of the parties to the relationship is unaware of the purpose.
4. A relationship is used covertly, and information obtained is disclosed covertly, if and only if it is used or disclosed in a manner that is calculated to ensure that one of the parties to the relationship is unaware of the use or disclosure in question.
5. The use of a source involves inducing, asking or assisting a person to behave as a source, or to obtain information by means of the behaviour of such a source.
6. This covers the use of professional witnesses to obtain information and evidence. For example, it will include professional witnesses engaged by Housing to pose as tenants to obtain information and evidence against alleged nuisance perpetrators.
7. Carrying out test purchases will not require the purchaser to establish a relationship with the supplier with the covert purpose of obtaining information and, therefore, the purchaser will not normally be a CHIS. For example, authorisation would not normally be required for test purchases carried out in the ordinary course of business (eg walking into a shop and buying a product over the counter). By contrast, developing a relationship with a person in the shop, to obtain information about the seller's suppliers of an illegal product will require authorisation as a CHIS. Similarly, using mobile hidden recording devices or CCTV cameras to record what is going on in the shop will require authorisation as directed surveillance.
8. The Code of Practice states that the provisions of RIPA are not intended to apply in circumstances where members of the public volunteer information to the police or other authorities, as part of their normal civic duties, or to contact numbers set up to receive information (such as Crimestoppers, Customs Confidential, the Anti-

Terrorist Hotline, or the Security Service Public Telephone Number). Members of the public acting in this way would not generally be regarded as sources.

9. An authorisation under RIPA will provide lawful authority for the use of a source.

APPENDIX D

FURTHER EXAMPLES TO HELP YOU DECIDE WHETHER YOUR ACTIVITIES ARE COVERED BY THIS POLICY

Firstly, consider:

- Is it necessary for the operation to be covert? Could you obtain the evidence you require without resorting to Covert Surveillance? Authorising Officers should consider this very seriously because, if it is found that there was no need to carry out the surveillance covertly, the invasion of privacy may be deemed disproportionate to the investigation in question.
- *Overt* investigations (that is, not carried out in a manner calculated to ensure that the subject is unaware of the operation) is not subject to the authorisation procedures set out in this policy. Overt activity includes (but is not limited to) routine patrols, observation at trouble spots, immediate response to events and overt use of CCTV.

Examples:

Does the investigation involve the collection of private information?

1. Two people holding a conversation on the street or in a bus may have a reasonable expectation of privacy over the contents of that conversation even though they are associating in public. The contents of the conversation should be considered as private information.

The offence under investigation would need to meet the minimum penalty criteria and a directed surveillance authorisation would be necessary to listen in to or record the conversation as part of a specific investigation or authorisation. (Source: Covert Surveillance and Property Interference Revised Code of Practice 2010)

2. A surveillance officer intends to record a specific person providing their name and telephone number to a shop assistant, in order to confirm their identity, as part of a criminal investigation.

Although the person has disclosed these details in a public place, there is a reasonable expectation that the details are not being recorded separately for another purpose. Before proceeding, the investigating officer should make sure the alleged offence meets the minimum penalty criteria and seek a directed surveillance authorisation. (Source: *Covert Surveillance and Property Interference Revised Code of Practice 2010*).

Planning Enforcement

1. Routine activities such as Enforcement Officers looking at new building work, which has not been granted planning permission.

This is not directed surveillance, but falls under normal enforcement duties. Section 80 of the Regulation of Investigatory Powers Act 2000 provides a general saving for collecting information by lawful means such as this. However, such routine activities should not develop into directed surveillance.

2. Officers wish to drive past a café to obtain a photograph of the exterior.

Reconnaissance of this nature is unlikely to require a directed surveillance authorisation. However, if the exercise was to establish a pattern of occupancy of the premises by someone, the accumulation of the information is likely to result in private information. In the latter case, a directed surveillance authorisation would be required and the offence would need to meet the minimum penalty requirements. (Source: *Covert Surveillance and Property Interference Revised Code of Practice 2010*).

3. You are conducting a site visit in response to a report made by a member of the public who suspects a change of use of land, which is likely to involve criminal activity. The circumstances suggest that you will need to monitor the site in a covert manner and you are likely to obtain private information about the owner and/or collateral information about other users of the site such as workers.

This activity appears to fall within the definition of Directed Surveillance. However, it is not legal to use covert surveillance to investigate crimes that would attract a custodial sentence with a minimum term of less than six months. You must therefore find some overt method of dealing with the offence.

4. You are unable to gather conclusive evidence that illegal activity is taking place on site but you still suspect that it is. Therefore, you decide to observe the site by driving past it periodically over the next fortnight. If you see unauthorised work taking place you will take a photo – but not covertly.

This does not appear to fall within the definition of either Directed Surveillance or Covert Human Intelligence Sources. This low-level activity is not subject to the authorisation procedures set out in this policy.

Benefit Fraud

5. You are required to investigate an allegation that Mr X is claiming housing and council tax benefit even though he has been working full time for a number of years. Mr X did not declare on his benefit application that he had been working. You therefore intend to covertly observe his activities at his alleged employer's address in order to establish if he is working there. The observation will be from a vehicle and will cover a number of days.

This appears to involve the systematic surveillance of an individual and falls within the definition of Directed Surveillance, as set out in Appendix B, for the following reasons:

- The surveillance is being carried out for the purposes of a specific investigation into Mr X's alleged benefit fraud.
- The surveillance is of Mr X's personal activities and is therefore likely to produce private information about him.
- The exercise is not an immediate response to events or circumstances but has been planned in respect of timing and the manner in which the surveillance is to be carried out.
- It is likely that collateral material will be gathered

Employer Responsibilities

6. Recurrent thefts from staff are taking place and after considering all of the options, it has been suggested that the only recourse is to set up a secret CCTV camera covering the work area to catch the culprit "in the act".

Normal business practice (in other words the kinds of responsibilities that all employers would have in relation to staff) are outside of the RIPA controls. Therefore, the operation would need to be conducted in accordance with the Data Protection Act 1998 and the Privacy Impact Assessment (PIA) provisions within that legislation. Use the PIA template available on the Intranet.

You would need to consider all of the circumstances of the case. But where the aim is to stop the offending behaviour, overt measures (such as overt CCTV) may be more proportionate.

Note: If a crime on Council premises were being investigated by the police and they are conducting the surveillance, they would be required to authorise the surveillance, not the Council.

7. A manager has received a report from employee A that employee B is spending hours surfing the internet. The manager wishes to obtain a print out of employee B's websites visited and times spent on the internet to check whether the allegations are true.

As with the scenario above, this investigation would fall outside of the RIPA provisions. The Council has arrangements to ensure any staff investigations involving ICT equipment are necessary and proportionate. Please use the Privacy Impact Assessment form available as part of the Acceptable Use Policy and available on the Data Protection and Information Security intranet page

Note: Automatic and untargeted central monitoring of internet and email use carried out by ICT software, which would highlight obvious infringements of the Council's Acceptable Use Policy is allowed under the Telecommunications (Lawful Business Practice) (Interception of Communications) Regulations 2000.

Housing Management

8. A member of the public reports that their neighbour's garden is a health hazard. You visit the site, which contains excessive rubbish and materials that are clearly likely to be an environmental hazard to the local community. As the tenant is not at home, you take a photograph of the view of the garden from the road. You have not deliberately planned that the photograph should be taken without the knowledge of the tenant concerned and any future surveillance of the site will not be carried out in a manner calculated to ensure that the tenant is unaware of it.

This does not appear to fall within the definition of either Directed Surveillance or Covert Human Intelligence Sources as set out in Appendix A and is therefore not subject to the authorisation procedures set out in this policy. However, care will be required if photos are taken whilst on the premises as this may in some circumstances become "Intrusive Surveillance", which the Council does not have the authority to carry out.

If you gather personal data (information that can be used to identify someone), this will be subject to the Data Protection Act and the activity would be subject to a Privacy Impact Assessment.

9. You have received an application for housing by someone claiming to be homeless. However, you have grounds to believe that the claim is fraudulent, so you wish to carry out surveillance of the claimant's suspected residence to establish the integrity of their application.

This appears to fall within the definition of Directed Surveillance, as set out in Appendix B, for the following reasons:

- The surveillance is being carried out for the purposes of a specific investigation into a fraudulent application.
- The surveillance is likely to produce private information about him as well as collateral information about third parties.
- The exercise is not an immediate response to events or circumstances but has been planned in respect of timing and the manner in which the surveillance is to be carried out.
- However, you would need to consider whether the offence is listed on the statute book as attracting a minimum custodial sentence of six months or more before proceeding with the covert elements of the investigation and applying for authorisation.

Use of CCTV

An officer receives information that an individual suspected of Benefit Fraud will be going to their workplace, in the High Street and within an area monitored by CCTV. The officer wishes to use the CCTV system to obtain evidence that the suspect is working.

This is targeted use of the town centre's overt CCTV system, to conduct surveillance against that individual without his being aware that there is a specific interest in him. The investigating officer would need to apply for an authorisation for directed surveillance.

If you are investigating a serious criminal matter and you are unsure if your surveillance activity falls under RIPA, you should apply for authorisation in order to avoid any claim that Guildford Borough Council has infringed anyone's Human Rights, which could disqualify the evidence from being permitted in court.

APPENDIX E

COVERT HUMAN INTELLIGENCE SOURCES – USING MINORS OR VULNERABLE PEOPLE

The Regulation of Investigatory Powers (Juveniles) Order 2000 S.I. 2000/2793 states that:

- A Source under 16 years of age cannot be used to obtain information about his/her parent or anyone with parental responsibility.
- Where a source is under 16, someone must have responsibility for ensuring that an appropriate adult is present at meetings (i.e. parent, guardian, a person who has assumed responsibility for his/her welfare, anyone over 18 who is not employed by Guildford Borough Council).
- Where a source is under 18, no authorisation can be granted unless someone has carried out a risk assessment covering the likelihood of physical and psychological injury arising from the covert activities AND is satisfied the risks are justified AND have been properly explained AND understood by the source.
- Where the operation or investigation relates to a parent or guardian, the authoriser must be aware of that fact and give “particular consideration” to whether the authorisation is justified.
- Where the source is under 18, at the time of authorisation it can only last one month before being renewed.
- Authorisation for the use of a juvenile or vulnerable person CHIS must be authorised by the Managing Director or, in their absence, the Executive Head of Governance.

APPENDIX F

FORMS

The latest versions of the forms listed below should be downloaded from the Home Office (<https://www.gov.uk/government/collections/ripa-forms--2>)

Application for authorisation of directed surveillance
Review of directed surveillance
Renewal of directed surveillance
Cancellation of directed surveillance

Application for CHIS
Review of CHIS
Renewal of CHIS
Cancellation of CHIS

Application for communications data

Application for judicial approval

Corporate Governance and Standards Committee Report

Report of Director of Environment

Author: Joyce Hamilton, Principal Corporate Services Solicitor and Data Protection Officer

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Lead Councillor responsible: Matt Furniss

Tel: 07891 022206

Email: matt.furniss@guildford.gov.uk

Date: 29 March 2018

General Data Protection Regulation: Update

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 1998. The GDPR sets out how organisations can collect and use personal data. The GDPR comes into force in 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, Data Protection Act 2018) will continue to apply in the UK after the UK leaves the EU.

1. Purpose of Report

1.1 This report explains action taken to progress the implementation of the GDPR by 25 May 2018.

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. Progress since 18 January 2018

3.1 All staff and councillors received a GDPR update in February. This update covered what we need to do to ensure the Council complies with GDPR; mandatory training opportunities for all staff; reviewing and cleaning up our data and it explained who to contact and where to go for more information and help.

- 3.2 The training and awareness programme for staff has begun and is mandatory. Senior Managers and CMT will receive training on 16 and 18 April. IT Service is delivering this direct training at council offices over several dates in March and April. <https://theitservice.co.uk/>
- 3.3 It is mandatory for all staff to complete an E-learning module within 14 days of attending the direct training. This online module includes a test at the end.
- 3.4 Councillors and Parish Councillors have received training from Graeme Fearon, Partner at Thrings LLP. Graeme is an expert on data protection and a parish councillor in Wiltshire. <https://thrings.com/our-people/graeme-fearon/>
- 3.5 Alongside the training programme the next key focus is to test the Council's current processes and develop new processes for the new personal rights that will be available under the Data Protection Act 2018, namely:
- Rights in relation to automated individual decision making (including profiling)
 - Rights to Data Portability
 - Right of Erasure; and the
 - Right to Rectification
- 3.6 The Council will also review the processes and procedures around data sharing, both internally and externally.
- 3.7 The Project Board will next meet on 22 March 2018. The board will be discussing progress being made by service teams.
- 3.8 The Data Protection Bill is currently in its second reading in the House of Lords. The Information Commissioner is attending parliamentary briefings and has stated she is seeking some amendments to improve the mechanism that provides investigatory and enforcement powers.
- 3.9 The Information Commissioner's Office has recently completed consultations on Data Protection Officers, the right to be informed, automated individual decision making and profiling and personal data breach notification.

4. Conclusion

The GDPR marks a major change in the way the Council must use and store personal data from May 2018. The Council has begun work to raise awareness of the GDPR and its impact, to audit the information the Council holds, to review the Council's privacy notices and to review Council procedures. This will ensure the Council is compliant with the GDPR in how it processes the personal data of individuals.

Corporate Governance and Standards Committee Report

Ward(s) affected: All

Report of Director of Finance

Author: John Armstrong

Tel: 01483 444102

Email: john.armstrong@guildford.gov.uk

Date: 29 March 2018

Corporate Governance and Standards Committee Work Programme - 2018-19

Recommendation

That the Committee considers and approves its updated work programme for 2018-19, as detailed in Appendix 1 to this report.

Reason for recommendations:

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

1. Purpose of report

- 1.1 The draft work programme attached as Appendix 1 sets out the items to be considered by this Committee for the 2018-19 municipal year.

2. Draft work programme

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

3. Financial Implications

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

4. Legal Implications

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

5. Human Resource Implications

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

6. **Background Papers**

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

7. **Appendices**

Appendix 1: Corporate Governance and Standards Committee draft work programme

CORPORATE GOVERNANCE AND STANDARDS COMMITTEE DRAFT WORK PROGRAMME

14 June 2018

Subject	Details of decision to be taken	Decision to be taken by	Contact Officer
Annual Governance Statement 2017-18	To adopt the Council's Annual Governance Statement 2017-18	Executive: 19 June 2018	Claire Morris 01483 444827
Treasury Management Annual Report 2017-18	To consider the Treasury Management Annual Report 2017-18	Council: 24 July 2018	Victoria Worsfold 01483 444834
Draft Statement of Accounts for 2017-18	To note the draft statement of accounts signed by the Chief Finance Officer for 2017-18	Executive: 19 June 2018	Claire Morris 01483 444827
External Audit 2018-19 Fee Letter	To consider the planned audit fee	Corporate Governance and Standards Committee	Claire Morris 01483 444827
Internal Audit Plan 2018-19	To consider the internal audit plan for 2018-19	Corporate Governance and Standards Committee	Joan Poole 01483 444854
Review of Arrangements for dealing with allegations of misconduct by councillors	To consider the outcome of the review of the Arrangements in the light of the first full hearing in September 2017	Corporate Governance and Standards Committee	Monitoring Officer
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
Review of the Councillors' Development Steering Group	(1) To approve the numerical allocation of seats on the Steering Group to each political group for 2018-19. (2) To ask political group leaders to confirm the councillor membership of the Steering Group for 2018-19	Corporate Governance and Standards Committee	John Armstrong 01483 444102

CORPORATE GOVERNANCE AND STANDARDS COMMITTEE DRAFT WORK PROGRAMME

26 July 2018

Agenda item number: 12

Subject	Details of decision to be taken	Decision to be taken by	Contact Officer
2017-18 Audit Findings Report: Year ended 31 March 2018	To note the external auditor's findings and management's response in the Action Plan	Corporate Governance and Standards Committee	Claire Morris 01483 444827
2017-18 Audited Statement of Accounts	To approve the 2017-18 Statement of Accounts	Corporate Governance and Standards Committee	Claire Morris 01483 444827
External Audit Update	To consider the update report from the Council's External Auditors	Corporate Governance and Standards Committee	Claire Morris 01483 444827
Summary of Internal Audit Reports October 2017 – March 2018	To consider the summary of internal audit reports for the period October 2017 to March 2018, including an update on complaints to the Local Government Ombudsman for that period	Corporate Governance and Standards Committee	Joan Poole 01483 444854
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
Freedom of Information Compliance update	To consider the update report on the Council's performance in dealing with Freedom of Information requests (January to June 2018)	Corporate Governance and Standards Committee	Ciaran Ward 01483 444072

CORPORATE GOVERNANCE AND STANDARDS COMMITTEE DRAFT WORK PROGRAMME

20 September 2018

Subject	Details of decision to be taken	Decision to be taken by	Contact Officer
Financial Monitoring 2018-19 Period 3 (April to June 2018)	To note the results of the Council's financial monitoring for the period April to June 2018	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
Councillor Training and Development Update	To consider a report from the Councillors' Development Steering Group relating to councillor training and development	Corporate Governance and Standards Committee	Sophie Butcher 01483 444056

CORPORATE GOVERNANCE AND STANDARDS COMMITTEE DRAFT WORK PROGRAMME

29 November 2018

Subject	Details of decision to be taken	Decision to be taken by	Contact Officer
Annual Audit Letter for 2017-18	To consider the Annual Audit Letter and Annual Governance Report for 2016-17	Executive: 8 January 2019	Claire Morris 01483 444827
Financial Monitoring 2018-19: Period 6 (April to September 2018)	To note the results of the Council's financial monitoring for the period April to September 2018	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
Summary of internal audit reports (April to September 2018)	To consider the summary of internal audit reports and progress on the internal audit plan for April to September 2018, including update on complaints to the Local Government Ombudsman for that period.	Corporate Governance and Standards Committee	Joan Poole 01483 444854

CORPORATE GOVERNANCE AND STANDARDS COMMITTEE DRAFT WORK PROGRAMME

17 January 2019

Subject	Details of decision to be taken	Decision to be taken by	Contact Officer
Treasury Management Annual Strategy Report 2019-20 and Prudential Indicators 2019-20 to 2023-24	To recommend to Council the adoption of the revised Treasury Management Strategy and prudential indicators	Executive: 22 January Council: 6 February 2019	Victoria Worsfold 01483 444834
Financial Monitoring 2017-18 Period 8 (April to November 2018)	To note the results of the Council's financial monitoring for the period April to November 2018	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	Monitoring Officer
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
Freedom of Information Compliance - Annual Report 2018	To consider the update report on the Council's performance in dealing with Freedom of Information requests.	Corporate Governance and Standards Committee	Ciaran Ward 01483 444072

CORPORATE GOVERNANCE AND STANDARDS COMMITTEE DRAFT WORK PROGRAMME

28 March 2019

Subject	Details of decision to be taken	Decision to be taken by	Contact Officer
Discussions with those charged with governance	To agree the Committee's response to the external auditor's audit plan	Corporate Governance and Standards Committee	Claire Morris 01483 444827
External Audit Plan and Audit Update 2018-19	To approve the external audit plan for 2018-19, 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
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
Financial Monitoring 2018-19 Period 10 (April 2018 to January 2019)	To note the results of the Council's financial monitoring for the period April 2018 to January 2019	Corporate Governance and Standards Committee	Claire Morris 01483 444827