

23 NOVEMBER 2017

## JOINT EXECUTIVE ADVISORY BOARD

23 November 2017

- \* Councillor Adrian Chandler (Chairman)
- \* Councillor Jenny Wicks (Vice-Chairman)

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|---------------------------------|----------------------------|
| Councillor Nils Christiansen    | * Councillor Bob McShee    |
| * Councillor Andrew Gomm        | * Councillor Mike Parsons  |
| * Councillor Angela Goodwin     | * Councillor Dennis Paul   |
| * Councillor Angela Gunning     | Councillor Tony Phillips   |
| Councillor Liz Hogger           | * Councillor Mike Piper    |
| * Councillor Christian Holliday | * Councillor David Quelch  |
| * Councillor Gordon Jackson     | * Councillor David Reeve   |
| * Councillor Jennifer Jordan    | * Councillor Matthew Sarti |
| Councillor Nigel Kearse         | Councillor Pauline Searle  |
| * Councillor Sheila Kirkland    | Councillor David Wright    |
| Councillor Julia McShane        |                            |

\*Present

### 1 ELECTION OF CHAIRMAN

The Joint Executive Advisory Board nominated and seconded Councillor Adrian Chandler to act as Chairman for the meeting and Councillor Jenny Wicks as Vice-Chairman.

### 2 APOLOGIES FOR ABSENCE AND NOTIFICATION OF SUBSTITUTE MEMBERS

The following apologies for absence had been received from Councillors Nils Christiansen, Liz Hogger, Nigel Kearse, Julia McShane, Tony Phillips, Pauline Searle and David Wright. In accordance with Procedure Rule 23(j), Councillors Colin Cross, Gillian Harwood and Caroline Reeves acted as substitutes for Councillors Tony Phillips, Pauline Searle and Liz Hogger.

### 3 LOCAL CODE OF CONDUCT - DISCLOSABLE PECUNIARY INTERESTS

In relation to the Citizen Advice Bureau (CAB) Bid, Councillor Chandler declared a potential issue of perceived bias by virtue of the fact that members of his family have used CAB.

Councillor Gordon Jackson also declared a potential issue of perceived bias by virtue of the fact that he was the Chairman of the Ash CAB.

### 4 ANNOUNCEMENTS

#### Webcast Announcement

This meeting is broadcast live and is being recorded for subsequent broadcast on the Council's website. The whole of the meeting will be recorded, except where there are confidential or exempt items. The recording will be on the website for 6 months from the date of this meeting.

If you make a representation to the meeting this evening, you will be deemed to have consented to being recorded. By entering the Council Chamber, you are also consenting to being recorded and to the possible use of those images and sound recordings for webcasting and/or training purposes.

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If the fire alarm sounds during the course of the meeting, we are not expecting it to go off, please leave the Council Chamber immediately and proceed calmly to the assembly point in Millmead on the paved area adjacent to the river as you exit the site.

## **5 CONSIDERATION OF OUTLINE BUDGET 2018-19**

The Lead Councillor for Finance and Asset Management introduced the General Fund outline budget for 2018-19 to the Joint Executive Advisory Board (JEAB). It was noted that the report was the second report in the 2017-18 budget cycle; the first being the report on business planning assumptions presented to Executive in July that set the parameters within which officers would prepare the outline budget. The same parameters were stated in paragraph 3.1 of the report.

The report gave a position statement on the outline budget, prior to the final budget report coming to the Executive in January 2018 and Council in February 2018

The local government finance settlement and any announcement as to whether Surrey would be a pilot for the new business rates retention scheme would not be made by government until the middle of December therefore the budget was anticipated to change between now and January/February.

2018-19 would be the first year that Guildford Borough Council received no revenue support grant from government and that in 2019-20 we would be paying the government 'an additional tariff' from our business rates, or 'negative grant'. The context of preparing a budget in the face of a 'no government grant' had been and would remain challenging. Guildford Borough Council was completely reliant on locally raised income now. The outlook for the future was equally challenging as there were significant changes planned to the system of local government finance post 2020 and very little detail so far, on what those changes would look like. The transformation programme, led by the Transformation Board would need to work hard over the next few years to identify the savings and efficiencies needed to balance the budget over the medium term.

The outline budget assumed an increase in the Borough council's Band D Council Tax of £5, although this represented a percentage increase of 3.1% it was less than 10p per week per household. Guildford Borough Council can choose to change this assumption however, even with the suggested increase there was currently still a budget gap of £1.4 million to find before the budget was balanced. The impact of the proposed increases in fees and charges set out in Appendix 5 of the report and the additional income generated was included within the figures. It was still early in the budget process and officers continued to work on the numbers, however, proposals on how to do this were included in paragraph 11.20. The JEAB and Executive were invited to comment on the proposals.

An analysis of how the 2018-19 outline budget had changed from the 2017-18 budget was stated in paragraph 11.7 and Appendix 3. The JEAB and Executive were invited to comment on the changes at service level.

The report included details of growth bids and savings proposals made by officers at Appendix 4. A business planning evaluation panel consisting of the Officer Corporate Management Team and Finance Team had evaluated the bids against a matrix to assess how they supported the Corporate Plan, their importance to service delivery and health and

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safety or legislative requirements before recommending the bids to councillors. As part of this process, a number of bids were recommended by officers to be funded from reserves as detailed in section 8 of the report. The JEAB was invited to comment on the officers' proposals and recommend to Executive and Council the approval for those bids to be funded from reserves.

Following the business planning evaluation panel's assessment, the growth bids had been reviewed by the Joint EAB Budget Task Group in detail at its meeting on 10 November, the comments of the task group were included in section 12 of the report. The task group had robustly challenged the need for some of the growth bids.

The JEAB was asked to identify any growth bids that should not be progressed any further in the budget process and any savings and additional income generation ideas that should not be progressed any further.

There was a budget gap to close, but the Lead Councillor for Finance and Asset Management was confident that it could be achieved without any detriment to service users, and have a budget that included significant growth items that were essential to support the delivery of the ambitious targets set in the Corporate Plan.

Claire Morris, Head of Financial Services reported on the Outline Budget 2018-19. The report was very much a draft and had since been updated with the key changes outlined in the supplementary late sheets. The Executive at its meeting on 28 November 2017 would consider the updated version. The key point was the budget gap of 1.47 million. The interest figures in paragraph 8.3 had been updated; however, the figures were still likely to change due to the impact of the capital bids on the re-profiling of the capital budget. The estimated directorate level expenditure had a difference of £664,600 for 2018-19, which was approximately the same as last year. The only significant variances identified in directorate level expenditure were as follows:

- Reduction in income from services at the crematorium as a result of the capital project to rebuild during 2018-19, the loss of income was being funded from the Budget Pressures reserve as approved by Council in February 2017.
- Increase in fees for the Local Plan inspection during 2018-19, which would be met from the Local Plan reserve.
- A rollover of £300,000 transformation savings target where proposals for savings had been identified by the business improvement team but not actioned by services.

The main options for potential savings and use of reserves were outlined in paragraph 11.2 and comments from the JEAB were welcomed on how to balance the budget moving forward.

The JEAB made the following points:

- Supported the more detailed explanation, now included in each of the Bids detailed as part of the Outline Budget.
- The Chancellor of the Exchequer had announced in his national budget speech the day before that he would levy a charge of 100% of council tax on long- term empty

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properties, how much income would that generate for Guildford Borough Council? It was noted that Guildford had approximately 125 long-term empty properties, which would equate to £11,000 in additional income.

- Questioned whether the twinning costs with Versailles and Dongying could be identified within the Outline Budget. The costs would have been included in the overall directorate expenditure of the Policy and Partnership Team for 2017-18 not for 2018-19.
- Supported the proposal for a Planning Policy Strategic Site Design Overview owing to the lack of design advice currently available and was required with the implementation of the Local Plan. The Head of Financial Services would include this comment on the supplementary information sheet for the Executive's consideration at its meeting on 28 November 2017.
- Concerned about the savings proposed on repairs and maintenance to the Guildhall and Guildford House. Were those savings sustainable given that these historic buildings required ongoing repairs and maintenance? It was noted that the savings identified related to an underspend in the 2017-18 financial year due to slippage in the maintenance programme, not a reduction in the budget for repairs and maintenance of these buildings overall.
- Concerned about potential savings delivered from a review of waste services in 2020-21. The JEAB was concerned that any savings should be made to such a primary service of the Council. The savings identified would be generated income from commercial waste not from any reduction in delivery of waste services to residents.
- Was the list of potential actions on pages 14 and 15 for reducing the gap between the estimated expenditure and income in the outline budget of £1.26 million in order of precedence?

It was a random list, but that the most likely targets for reducing the gap were:

- (a) Inclusion of the council tax surplus on the Collection Fund
  - (b) Inclusion of revised interest and MRP estimates following production of the draft capital programme and treasury management strategy.
  - (c) increase FSR / staff savings target – this could be a risk as a target of £500,000 was already proposed on top of a 2.8% vacancy target.
  - (d) further one-off use of reserves – this was not sustainable action for on-going cost pressures.
- Queried the savings made on the Electric Theatre review of £230,000 as did not believe the savings made were that high. In addition, whether the higher net cost of £76,000 in the 2017-18 financial year was taken into account in the overall sum of £230,000?

The £230,000 reflected the full year impact of leasing the Electric Theatre to the ACM. In 2018-19, the costs of running the theatre had been reduced to zero and £230,000 reflected both the reduction in cost and the income now made. The savings target achieved in 2017-18 was reduced by £76,000 and was lower than anticipated owing to a rent-free period included in the lease and the fact that the service implementation did not take place until June.

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- Queried the summary budget on page 25, specifically the summary line, whereby the calculated percentage increases in 2018-19 compared to the preceding year seemingly represented large increases of approximately 8%. How prudent was that in a time when savings needed to be found? Officers confirmed that the budget was not being increased by 8%, but rather the 8% represented the budget gap. The council tax requirement needed to be reduced by £1.8 million and was an outline budget gap/base budget deficit. With the growth and savings proposals representing a net saving of £500,000, the gap would be reduced by a reasonable amount however; a residual gap of £1.4 million still had to be found.

Appendix 3 showed how each directorate had changed and provided an analysis of the monetary movements between the two financial years. The biggest movement was in relation to the crematorium refurbishment where a loss of 50% of its income generation would be incurred, but was being funded by reserves.

The Local Plan inspection costs were also high and reserves were in place to compensate. Depreciation had also increased minimally. The bigger movements were associated to external interest payable to the Housing Revenue Account and the Minimum Revenue Provision and their role related to the capital programme and the expenditure incurred in previous years 2017-18. The interest role related to the capital programme and was affected by the level of cash balances in 2018-19 and the interest too. The figures were still being worked on and anticipated to change over the next few months, which would reduce the budget gap further.

Currently Guildford Borough Council was a member of the Surrey and Croydon Business Rates Pool and shared the costs of the Business Rates levy with these other authorities. For now, it had to be assumed that Guildford will not be in the pool for 2018-19 and was dependent on the outcome of the Council's bid to be a Business Rate Pilot, to be announced in December. The Board also noted that the Parish Council precept figures had to be included too. The Revenue Support Grant quoted for 2018-19 was incorrect and had since been updated in the Executive papers for 28 November 2017. There were also a number of grants that would not be received next year. It was anticipated that by the time the budget was balanced, the council tax increase would be approximately 3%.

- Queried what constituted a negative reserve? It was not a negative reserve but rather represented the contribution from the reserve to the general fund and vice versa.
- Costs associated with replacing an old boiler at the Electric Theatre would be included in the capital programme and was not included in the revenue account figures.
- Requested an update on the status of the growth bids for the cottage in the Castle Grounds and electric works at the Citizen Advice Bureau given that it was stated on p.18 paragraph, 12.3 that the comments of the Society EAB would be taken into account. This was an error in the report, as the date of that meeting was changed to accommodate this joint meeting of both Executive Advisory Boards.

The status of the growth bids was subject to comments received by the Budget Task Group, the JEAB, Executive at its meeting on 28 November and Council at its meeting in February 2018.

- The JEAB therefore strongly recommended that the growth bid for the cottage in the Castle Grounds should be deferred or rejected as the cottage was an integral part of

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the future of the Museum and should not be converted into a residential dwelling albeit temporarily. The JEAB was concerned that the amount of money required to make the cottage habitable of £60,000 would not be recovered by a two-year rental period.

- A plea was also made by the JEAB to distinguish between Ash and Guildford Citizens Advice Bureau (CAB) given that they were frequently confused as one entity when they were two separate CABs.
- The JEAB noted at paragraph 10.2 that any service activity for a traded service had to be carried out through a company. If this was the case, why was the Village not constituted as a company given its status and associated profits and losses? The power for a council to trade generally was introduced under section 95 of the Local Government Act 2003, which enabled best value authorities to do for a commercial purpose anything, which they were authorised to do for the purpose of carrying on any of their ordinary functions through a company. The Localism Act 2011 extended the power to trade, enabling the Council to do for a commercial purpose anything it is empowered to do as a result of the exercise of the general power of competence. This is not relevant to The Village as it was created as a scheme to accommodate activities generated by small businesses and artisans. In general, the purpose of creating The Village was to generate additional economic activity and attract new visitors to Guildford with the objective of benefitting the economic growth and development of Guildford.
- On Page 30, why was the park and ride now defined as a commercial venture? The Park and Ride facility was a joint function with Surrey County Council and any surplus made was reinvested back into the Council.
- On Page 8, in relation to Bid 80 for a Rural Officer, the JEAB wanted assurance that Woking and Waverley would share the expenditure for this, as it did not appear to be confirmed. The Head of Financial Services was not privy to the negotiations between Woking and Waverley; however, the role was dependent upon contributions from both councils. The JEAB agreed that should Woking and Waverley not be interested in providing funding for the role, provision should be made in the Guildford Borough budget to secure the continuation of the Rural Officer role.
- The JEAB noted that there appeared to be large increases in the proposed fees and charges detailed on p.15. The policy on fees and charges stated that they should be increased by 3% where the market permits. The increases were also rounded up to the nearest five pence. However, no service had indicated any specifically large increases overall.
- The JEAB was concerned as to why the clinical waste budget had been significantly reduced in 2018-19 when it was an important service to continue to deliver. The Head of Financial Services did not have that information to hand, as only variances of over £20,000 had to be explained. [Post-meeting note: The reduction in cost did not reflect any operational changes to the service, but resulted from a combination of reallocated management costs and a reduction in the cost of the administration function following a transformation programme review. It should be noted that the introduction of wheeled bins had significantly mitigated sharps risk, but officers continued to take this risk very seriously and monitor the position closely.]
- The Board queried why Farnham Road Car Park was charging 10p an hour for parking at night when it was free to park in other car parks in the borough at night.

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The Head of Financial Services did not have that information to hand. [Post-meeting note: For completeness, after the ampersand the words *Sun 5pm-Mon 7am (per hour)* were not visible when the schedule was printed. However, the charge for this period and the other times referred to is correctly shown as 10p p/h. The charge relates to late night and overnight parking, given the proximity of Farnham Road Car Park to the main railway station. The charge is intentionally kept low to discourage station users from parking in nearby 2hr/resident on-street bays when residents are most likely to want to use them in the evenings.]

Having considered the report, the JEAB in recommending the General Fund outline budget for 2018-19 to the Executive, asked the Executive to specifically note the following points raised:

- Strongly supported the proposal for a Planning Policy Strategic Site Design Overview owing to the lack of design advice currently available and was required with the implementation of the Local Plan.
- Strongly recommended that the growth bid for the cottage in the Guildford Castle Grounds should be deferred or rejected as the cottage was an integral part of the future of the Museum and should not be converted into a residential dwelling albeit temporarily. The Board was concerned that the amount of money required to make the cottage habitable of £60,000 would not be recovered by a two-year rental period.
- Recommended that Guildford Borough Council should make provision in its budget for the funding of the Rural Officer role should Woking and Waverley not provide funding towards it.