



[www.guildford.gov.uk](http://www.guildford.gov.uk)

Contact Officer:

John Armstrong, Democratic Services Manager  
Tel: 01483 444102

9 January 2019

Dear Councillor

Your attendance is requested at a meeting of the **CORPORATE GOVERNANCE AND STANDARDS COMMITTEE** to be held in the Council Chamber, Millmead House, Millmead, Guildford, Surrey GU2 4BB on **THURSDAY 17 JANUARY 2019 at 7.00 pm.**

Yours faithfully

James Whiteman  
Managing Director

**MEMBERS OF THE COMMITTEE**

Chairman: Councillor Richard Billington  
Vice-Chairman: Councillor Alexandra Chesterfield

Councillor Nils Christiansen	+Mrs Maria Angel MBE
Councillor Andrew Gomm	^Mr Charles Hope
Councillor Nigel Kearse	^Ms Geraldine Reffo
Councillor Caroline Reeves	^Mr Ian Symes
Councillor Tony Rooth	

\*Independent member

^ Parish member

**Authorised Substitute Members:**

Councillor Colin Cross	Councillor Bob McShee
Councillor David Goodwin	Councillor Dennis Paul
Councillor Liz Hogger	Councillor David Quelch
Councillor Christian Holliday	

**WEBCASTING NOTICE**

This meeting will be recorded for live and/or subsequent broadcast on the Council's website in accordance with the Council's capacity in performing a task in the public interest and in line with the Openness of Local Government Bodies Regulations 2014. The whole of the meeting will be recorded, except where there are confidential or exempt items, and the footage will be on the website for six months.

If you have any queries regarding webcasting of meetings, please contact Committee Services.

**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.

### Three fundamental themes and nine strategic priorities that support our vision:

- |                     |  |
|---------------------|--|
| <b>Place-making</b> | Delivering the Guildford Borough Local Plan and providing the range of housing that people need, particularly affordable homes |
|                     | Making travel in Guildford and across the borough easier   |
|                     | Regenerating and improving Guildford town centre and other urban areas   |
| <b>Community</b>    | Supporting older, more vulnerable and less advantaged people in our community  |
|                     | Protecting our environment   |
|                     | Enhancing sporting, cultural, community, and recreational facilities   |
| <b>Innovation</b>   | Encouraging sustainable and proportionate economic growth to help provide the prosperity and employment that people need       |
|                     | Creating smart places infrastructure across Guildford  |
|                     | Using innovation, technology and new ways of working to improve value for money and efficiency in Council 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.

## 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.

Councillors are further invited to disclose any non-pecuniary interest which may be relevant to any matter on this agenda, in the interests of transparency, and to confirm that it will not affect their objectivity in relation to that matter.

**3 MINUTES (Pages 1 - 8)**

To confirm the minutes of the meeting of the Corporate Governance and Standards Committee held on 29 November 2018.

**4 ANNUAL REVIEW OF THE EQUALITIES SCHEME ACTION PLAN (Pages 9 - 18)**

**5 GENDER PAY GAP REPORT 2019-20 (Pages 19 - 26)**

**6 FREEDOM OF INFORMATION COMPLIANCE - ANNUAL REPORT 2018  
(Pages 27 - 34)**

**7 FINANCIAL MONITORING 2018-19 (APRIL TO NOVEMBER 2018) (Pages 35 - 102)**

**8 CAPITAL AND INVESTMENT STRATEGY (2019-20 TO 2023-24) (Pages 103 - 184)**

**9 WORK PROGRAMME (Pages 185 - 194)**

**1**

This page is intentionally left blank

# CORPORATE GOVERNANCE AND STANDARDS COMMITTEE

29 November 2018

\* Councillor Richard Billington (Chairman)  
Councillor Alexandra Chesterfield (Vice-Chairman)

* Councillor Nils Christiansen	* Mrs Maria Angel MBE
* Councillor Andrew Gomm	Mr Charles Hope
Councillor Nigel Kearse	Ms Gerry Reffo
* Councillor Caroline Reeves	* Mr Ian Symes
Councillor Tony Rooth	

\*Present

Councillor Christian Holliday was also in attendance

## **CGS33 APOLOGIES FOR ABSENCE AND NOTIFICATION OF SUBSTITUTE MEMBERS**

Apologies for absence were received from Councillors Alexandra Chesterfield, Nigel Kearse, and Tony Rooth, and from Mr Charles Hope and Ms Gerry Reffo.

Councillor Christian Holliday attended as a substitute for Councillor Chesterfield.

## **CGS34 LOCAL CODE OF CONDUCT - DISCLOSURE OF INTERESTS**

There were no disclosures of interest.

## **CGS35 MINUTES**

The Committee confirmed as a correct record the minutes of the meeting held on 20 September 2018. The Chairman signed the minutes.

## **CGS36 CORPORATE GOVERNANCE ISSUES RAISED IN CONNECTION WITH THE WISLEY GARDEN VILLAGE BID**

The Committee noted that its terms of reference included the review of any corporate governance issue referred to it by the Managing Director, a Director, the Leader/Executive, or any other committee of the Council.

Following receipt of a number of corporate governance related questions from the Chairman of the Overview and Scrutiny Committee, Councillor Caroline Reeves, regarding the decision taken by the Executive on 30 October 2018 to submit a Garden Village Bid for Wisley Airfield, the Managing Director had referred the issue to this Committee for consideration.

A copy of an email from the Managing Director to Councillor Reeves setting out the questions, together with a response, was attached to the agenda for the meeting.

In considering the matter, the Committee made the following points:

- Whether it would be appropriate for this Committee to review the operation of the Forward Plan. The Corporate Management Team had acknowledged that the Forward Plan was in need of a review to ensure that decisions to be taken by the Executive were programmed for consideration by the Executive at an early stage to ensure that all councillors were aware.

Agenda item number: 3

- As the local ward councillor was not informed of the Executive's intention to consider this matter, this case had highlighted the need to ensure that local ward councillors were consulted, or at least notified, of events or matters directly affecting their wards. Similarly, parish councils should also be consulted/notified of matters affecting the parished areas. The Committee was informed that this issue had been raised during the governance review in 2015-16, and the Council had agreed to require report authors to routinely inform and/or consult with and record the comments of local ward councillors, where appropriate. In addition, the scheme of delegation to officers had been reviewed to require consultation with, or notification to, local ward councillors in appropriate cases. It was noted that the Managing Director had apologised for not having consulted the local member in this case.
- As it was a requirement for councils in two tier areas to secure the support of the relevant county council in respect of the garden village bids, whether Surrey County Council, in giving its support, had observed their relevant governance processes. Although Surrey County Council had formally supported the Bid, it was not known whether all of their processes had been followed.

The Committee therefore

RESOLVED: That the Managing Director's response to the questions raised by Councillor Caroline Reeves in connection with the Wisley Garden Village Bid be noted, together with the comments raised by the Committee referred to above.

### **CGS37 ANNUAL AUDIT LETTER 2017-18**

The Committee considered the Annual Audit Letter for 2017-18 issued by the external auditors, Grant Thornton.

The external audit for 2017-18 had been completed and the independent auditor had now issued their Annual Audit Letter, a copy of which was appended to the report submitted to the Committee. The Annual Audit Letter included findings and recommendations that had been raised in the Audit Findings Report presented to the Committee at its meeting on 7 August 2018.

The Committee

RESOLVED: That the Annual Audit Letter for 2017-18 be commended to the Executive for approval.

Reason:

To approve the Annual Audit Letter

### **CGS38 FINANCIAL MONITORING 2018-19: PERIOD 6 (APRIL TO SEPTEMBER 2018)**

The Committee considered a report that set out the financial monitoring position for period April 2018 to September 2018.

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 £1,231,449. This was the result of 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. The recent acquisition of the Multiplex and Old Orleans site in Bedford Road had resulted in the inclusion of £225,000 of net income, after adjustment for maintenance and other operating costs associated with the site.

A surplus on the Housing Revenue Account, due to lower staffing and repairs and maintenance costs would enable a projected transfer of £6.96 million to the new build reserve and £2.5 million to the reserve for future capital at year-end. This had been £277,450 lower than budgeted and was a consequence of the application of a risk-free interest rate on HRA reserve balances reflecting the allocation of risk between the general fund and the HRA.

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 £88.9 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 £69.5 million by 31 March 2019, against an estimated position of £71.15 million, which was due to slippage on both the approved and provisional capital programme, as detailed in the report.

The Council held £117 million of investments and £224.6 million of external borrowing as at 30 September 2018, which included £193.1 million of HRA loans. Officers confirmed that the Council had complied with its Prudential indicators in the period, which had been set in February 2018 as part of the Council's Treasury Management Strategy.

Having considered the report, the Committee

RESOLVED: That the results of the Council's financial monitoring for the period April to September 2018 be noted.

Reason:

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

**CGS39 SUMMARY OF INTERNAL AUDIT REPORTS (APRIL TO SEPTEMBER 2018)**

The Committee considered the summary of Internal Audit Reports and other associated work for the period April to September 2018.

In considering this matter, the Committee noted that in the table of Ombudsman findings in paragraph 9.1 of the report, the finding in respect of Case AJ-18-0002 should have read "Upheld: maladministration & **no** injustice".

Questions from the Committee raised the following points and information:

- The summary of service complaints listed in paragraph 9.2 excluded the complaints to the Ombudsman listed in paragraph 9.1
- Service complaints were investigated by the Customer Services Manager.
- Where complaints were upheld, the Council would respond by apologising and setting out the actions to be taken to provide redress which, in certain cases, might involve payment of compensation dependent on the nature of the complaint
- It was confirmed that the revised date of 31 December 2018 for completion of the recommendations in the Fire Risk Assessment Action Plan was still on target.

Having considered the various reports, the Committee,

RESOLVED: That the summary of audit reports for the period April to September 2018 be noted.

Reason:

To ensure an adequate level of audit coverage.

**CGS40 ICT POLICIES - UPDATED POLICIES INCORPORATING LEGISLATIVE CHANGES FOLLOWING THE GDPR AND DATA PROTECTION ACT 2018**

The Committee noted that the Council was required to maintain several Information and Communication Technology (ICT), Information Assurance (IA) and Information Management and Governance (IM) policies setting out the Council's approach to compliance in the management of the systems and data, including customers' personal data held in the performance of its functions.

These policies were designed to explain our information governance model, expected standards of behaviour and personal responsibilities to councillors and officers in the use of ICT and the data obtained or held in the course of Council business.

Recent legislative changes to enact the EU General Data Protection Regulation 2016 and provide new UK specific primary legislation, Data Protection Act 2018, along with the repeal of the Data Protection Act 1998 meant that the Council's existing policies had to be refreshed to reflect these new legal obligations and provide clear guidance regarding these matters to all ICT users. The relevant policies were as follows:

- ICT Users' Policy
- Information Systems Security Policy
- Data Protection Policy
- Data Breach Response and Notification Procedure
- ICT Policy for Councillors

Copies of each of the revised policies were appended to the report submitted to the Committee, and the Executive would be asked to approve these policies at its meeting on 8 January 2019.

In order to assist councillors in their understanding of the implications of paragraph 6 of the draft ICT Policy for Councillors, it was proposed to include some guidance on information held in private email accounts, particularly information security considerations. A copy of this guidance, which it was suggested should be appended to the ICT Policy for Councillors, was circulated at the meeting.

In considering this matter, the Committee acknowledged the importance of ensuring that staff and councillors received appropriate initial and ongoing training in respect of these policies. The Committee also noted the measures that were currently in place, and further measures that would be put in place, for monitoring compliance with the policies.

Having considered the draft policies the Committee

**RESOLVED:**

- (1) That the ICT policies set out in the appendices to the report submitted to the Committee, be commended to the Executive for formal adoption at its meeting on 8 January 2019, subject to the amendment of the ICT Policy for Councillors by the inclusion of the guidance on information held in private email accounts, attached to the Supplementary Information Sheet circulated at the meeting.
- (2) That the proposal to authorise the ICT Manager, in consultation with the Lead Councillor for Infrastructure and Governance, to keep these policies under review and to approve such updates to these policies and associated supplementary policies, as he considers appropriate, be supported.

**Reason:**

To adopt updated Human Resources policies and standards in respect of the use of Information and Communication Technology, Information Assurance, Information Management and Governance to ensure the lawful and efficient performance of the Council's statutory functions.



**CGS41 REVIEW OF THE CONSTITUTION: PROTOCOL ON COUNCILLOR/OFFICER RELATIONS**

The Committee was reminded that its terms of reference included the monitoring and review of the operation of the Constitution to ensure that it was up to date, relevant, and reflected current law and best practice.

As part of the ongoing review of the Constitution, it had become apparent that, other than minor amendments, for example, to update officers' job titles, the Protocol on Councillor/Officer Relations had not been reviewed since it was included in the Constitution in 2002.

In order to ensure, therefore, that this Protocol was up to date, relevant, and reflected current law and best practice, it was suggested that the Committee leads a review of the Protocol by establishing a task group for that purpose, with a view to reporting its recommendations back to the Committee on 28 March 2019. The Committee would then submit the amended Protocol to full Council for final approval on 9 April 2019.

Accordingly, the Committee

RESOLVED:

(1) That a task group be established comprising:

- the Chairman,
- three other councillors on the Committee (such councillors to include Councillor Caroline Reeves),
- the independent member,
- the Lead Councillor for Infrastructure and Governance (or his Deputy), and
- officers (including a representative from UNISON)

for the purpose of reviewing the Protocol on Councillor/Officer Relations to ensure that it is up to date, relevant, and reflects current law and best practice.

(2) That the task group be requested to complete the review and submit its recommendations for consideration by the Committee at its meeting on 28 March 2019.

Reason:

To ensure the involvement of both councillors and officers in the review of the Protocol on Councillor/Officer Relations.

**CGS42 LOCALISM ACT 2011: APPOINTMENT OF INDEPENDENT PERSONS 2019-2023**

The Committee was reminded that the Localism Act 2011 introduced a new ethical standards regime for local government in 2012 which, amongst other things, required the Council to seek the views of an Independent Person before it took a decision on an allegation of misconduct by a councillor which it had decided to investigate. At Guildford, the Monitoring Officer also decided, after consultation with the Independent Person, whether a complaint merited a formal investigation. The Independent Person's views could also be sought by the Council at any other stage in a misconduct complaint, or by a councillor against whom an allegation had been made.

The Council was also required to use its Independent Persons in respect of dismissal or disciplinary procedures against the Head of Paid Service, Monitoring Officer or Chief Finance Officer in accordance with the provisions of The Local Authorities (Standing Orders) (England) (Amendment) Regulations 2015.

### Agenda item number: 3

In accordance with the requirements of Section 28(7) of the Localism Act 2011, the Council had appointed Vivienne Cameron, Roger Pett, and Bernard Quoroll as Independent Persons, for a term of office expiring in May 2019.

The three independent persons had been appointed by the Council on the recommendation of a joint appointments panel comprising the respective monitoring officers, at that time, of Guildford, Waverley and Mole Valley Councils. The Committee had approved the joint approach with participating Surrey councils to short-list and interview candidates and make recommendations to the respective councils for the appointment of Independent Persons, at its meeting on 23 July 2015.

This Council's Independent Persons, and others appointed elsewhere, also acted in that capacity for a number of other councils in Surrey. With their term of office ending in May 2019, the Committee was asked to approve a procedure for the appointment/re-appointment of the Council's Independent Persons similar to that which was adopted in 2015.

Following consultation with the ten other Borough and District Councils in Surrey and Surrey County Council, the following councils had expressed a wish to participate with Guildford in the joint appointments panel for the appointment of Independent Persons:

- Epsom and Ewell
- Mole Valley
- Reigate and Banstead
- Spelthorne
- Surrey Heath
- Waverley

The Committee noted that, although authorities were permitted to pay their Independent Persons an allowance or expenses, this Council had opted in 2012 to pay only travel expenses. It had been suggested that this arrangement should continue.

The Committee accordingly

RESOLVED:

- (1) That the Democratic Services Manager be authorised to establish a joint appointments panel with participating Surrey councils' monitoring officers so that the panel may:
  - (a) advertise for, short-list, and interview candidates and
  - (b) make recommendations to the respective councilsfor the appointment of Independent Persons under Section 28(7) of the Localism Act 2011, for a four-year term of office expiring in May 2023.
- (2) That the Independent Persons appointed by this Council be entitled to receive the same level of travelling expenses as are provided for councillors under the Scheme of Allowances for Councillors.

Reason:

To comply with the Council's obligations under the Localism Act 2011 in respect of ethical standards and The Local Authorities (Standing Orders) (England) (Amendment) Regulations 2015 in respect of dismissal and disciplinary arrangements for statutory officers.

### **CGS43 WORK PROGRAMME**

The Committee, having considered its updated work programme for the 2018-19 municipal year

RESOLVED: That the work programme for the remainder of 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 8.07 pm

Signed .....

Chairman

Date .....

This page is intentionally left blank

Corporate Governance and Standards Committee Report

Ward(s) affected: n/a

Report of Managing Director

Author: Lucy Richards

Tel: 01483 444013

Email: lucy.richards@guildford.gov.uk

Lead Councillor responsible: Iseult Roche

Tel: 07710 492226

Email: iseult.roche@guildford.gov.uk

Date: 17 January 2019

## **Annual review of the Equality Scheme action plan**

### **Executive Summary**

The Equality Scheme and associated action plan were adopted by the Executive in January 2018. The Executive agreed that the Corporate Governance and Standards Committee should monitor the implementation of the actions in the action plan on an annual basis. This report represents the first annual review of the action plan.

### **Recommendation to Corporate Governance and Standards Committee**

That the updated equality action plan (linked to the Equality Scheme 2018 - 2021), be approved.

#### Reason for Recommendation:

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

### **1. Purpose of Report**

- 1.1 To obtain approval of the updated equality action plan (linked to the Equality Scheme 2018 - 2021).

### **2. Strategic Priorities**

- 2.1 The Equality Scheme and action plan contributes to our fundamental themes and priorities as follows:

Our society – believing every person matters and concentrating on the needs of the less advantaged.

### 3. Background

- 3.1 The Equality Scheme and associated action plan were revised and adopted by the Executive in January 2018. The Equality Scheme sets out the Council's commitment to equality and diversity both as an employer and as a provider of public services. It incorporates our legal responsibilities under the Equality Act 2010 and states broadly how we intend to meet our obligations to the general and specific duties of the Act.
- 3.2 The general duty of the Equality Act sets out three main aims. As a public body, we must have due regard to the need to:
- eliminate unlawful discrimination, harassment and victimisation and of the conduct prohibited by the Act
  - advance equality of opportunity between people who share a protected characteristic and those who do not
  - foster good relations between people who share a protected characteristic and those who do not.
- 3.3 The specific duties of the Act are:
- to publish equality information annually to demonstrate compliance with the general duty. This includes information relating to people with protected characteristics who are:
    - its employees, or
    - affected by its policies and practices e.g. service users.
  - To prepare and publish at least one equality objective that we think we should achieve in order to meet any of the aims of the general duty. Our equality objectives are set out in the action plan.
- 3.4 A number of objectives set out in the action plan have been achieved in 2018 (see **Appendix 1**) and progress is being made on many others such as:
- A process has been agreed to identify any customer complaints that relate to equality, for example a complaint of unlawful discrimination. This will enable equality related complaints to be monitored and where appropriate, remedial action taken.
  - A revised equality impact assessment (EIA) template and guidance has been drafted and once trialled it will be introduced Council-wide. The form will be simpler to complete and the guidance will ensure that impact is assessed at the appropriate time and is proportionate to the activity being assessed. Assessing impact on equality helps us to understand the effect of the Council's activities on people from protected groups and enables us to address any potential discrimination.
  - An equality and diversity forum is being formed with members from specific teams (e.g. Community Wellbeing, Customer Services,

Community Care Services, Exchequer Services) as well as employees who have a specific interest in equality and diversity. The HR Partner (Equalities) will chair the forum and its purpose will be to raise awareness of equality and diversity issues, review the accessibility of services and provide a channel of communication with people who have protected characteristics.

- The workforce profile reports for 2016 and 2017 have been approved and published on the website. The 2018 report will be completed by the end of March 2019. Housing Advice have published their annual report of equality information related to housing applications and lettings. These reports link directly to our obligations under the specific duty to publish equality information relating to our employees and service users.
- Claire Morris, Director of Finance, was appointed as the senior lead for equality and diversity in October 2018. This will provide strategic direction and raise the profile of equality and diversity at a senior level. Regular meetings with the HR Partner (Equalities) are planned and will ensure progress is maintained.

3.5 A number of additional objectives have been added to the plan and target dates have been updated.

3.6 Once approved by Corporate Governance and Standards Committee the updated action plan will be published on the Council's website and intranet.

#### **4. Consultations**

4.1 No formal consultation has been conducted as this is an annual review of the action plan and no changes have been made to the Equality Scheme (2018 – 2021).

#### **5. Equality and Diversity Implications**

5.1 Consideration of the impact on equality and diversity has already been set out by the HR Partner (Equalities) in the Equality Scheme and a separate equality impact assessment is therefore not necessary.

#### **6. Financial Implications**

6.1 There are no financial implications.

#### **7. Legal Implications**

7.1 As set out in section 3 of this report, the Council has legal obligations under the Equality Act 2010 including the Public Sector Equality Duty.

7.2 The Equality and Human Rights Commission is the regulatory body responsible for enforcing the Equality Act. Their role is to help organisations to achieve their responsibilities but ultimately they have enforcement powers, which range from

guidance to investigations and court action where organisations fail to meet their obligations.

## **8. Human Resource Implications**

- 8.1 Equality and diversity forms part of the remit of the HR Partner (Equalities) so no specific additional resources are required to implement the Scheme. Completion of the action plan falls mainly to staff in human resources although some objectives overlap with existing projects and action plans where work is already underway and is not anticipated to create any additional demand for resources.

## **9. Summary of Options**

- 9.1 The options are to continue with the existing plan or approve the updated version. Approval of the updated version is recommended.

## **10. Conclusion**

- 10.1 If the updated action plan is approved, it will continue to:
- provide a means of recording and monitoring our progress and enable the development of new equality objectives
  - provide evidence that we are legally compliant
  - provide focus and direction for our work in this area
  - keep equality and diversity in the forefront of people's minds and help embed equality into our business planning and day to day activities.

## **11. Background Papers**

The Equality Scheme and current action plan are available upon request or can be viewed on our website <https://www.guildford.gov.uk/transparencydata>

## **12. Appendices**

Appendix 1: Updated action plan



EQUALITY SCHEME ACTION PLAN 2018 - 2021 (first annual review December 2018)

EQUALITY OBJECTIVES - KEY AREAS	OBJECTIVE	ACTIONS	LEAD OFFICER	TARGET DATE	PROGRESS AS AT 31.12.18	COMMENTS
1. LEADERSHIP AND CORPORATE COMMITMENT	1.1 Councillors and senior managers to be aware of the equality profile of the residents of the borough	1.1.1 Publish 2011 census information relating to Guildford Borough residents equality profile on intranet	Lisa Dudley	31/03/19		
	1.2 Impact on equality is considered as part and parcel of implementing change before decision-making and policy changes take place	1.2.1 Establish which services are routinely conducting EIA's	Lucy Richards and members of E&D Forum	31/03/19		
		1.2.2 Ensure all managers understand how to assess impact on equality	Lucy Richards and members of E&D Forum	31/03/19		Advice currently only available through HR even though the majority of EIA's don't relate to employment. Look into cost and feasibility of providing impact assessment training
		1.2.3 Establish where EIA's are being filed/published	Lucy Richards	31/12/19		
		1.2.4 Publish a summary of EIA's and actions quarterly on the website	Lucy Richards	31/12/19		
	1.3 Conduct meaningful impact assessments	1.3.1 Review current EIA template and investigate alternative formats or options	Lucy Richards and members of E&D Forum	31/12/19	New template drafted but not published. Guidance being written 12/11/19	
		1.3.2 Expand E&D knowledge within HR especially in relation to advising and checking EIA's	Lucy Richards, Francesca Smith, HR team	Ongoing	Regular meetings taking place between HR Partner, HR Advisors & HR Administrator. E&D a regular feature e.g. E&D quiz 9/11/19. E&D to be incorporated into HR team objectives. At least one HR Advisor to participate in E&D Forum	
	1.4 Commitment at senior level	1.4.1 Appoint a member of Corporate Management Team (CMT) as the senior lead for equality and diversity	CMT	Completed October 2018	Claire Morris, Director of Finance, appointed as senior lead on equality and diversity	(Additional objective added)
2. SERVICE DELIVERY AND CUSTOMER CARE	2.1 Equality monitoring is consistently carried out across Council services where relevant	2.1.1 Establish what monitoring is currently being carried out	Lucy Richards and members of E&D Forum	Ongoing	Housing Advice annual equality and diversity report has been published on website December 2018.	
	2.2 Data collated from (customer) equality monitoring is published on the website annually	2.2.1 Investigate how data can be published in a useful and meaningful but not onerous way	Lucy Richards and Lisa Dudley	30/04/19		

EQUALITY OBJECTIVES - KEY AREAS	OBJECTIVE	ACTIONS	LEAD OFFICER	TARGET DATE	PROGRESS AS AT 31.12.18	COMMENTS
	2.3 Data is used to establish impact on equality/ to inform EIA's	2.2.1 Make the data available for use as per 2.2.1	Lucy Richards and Web Team	31/03/19	Workforce profiles for 2016, 2017 have been published on the transparency section of the website (November 2018). Target date amended for completion date of 2018 workforce profile.	Agenda item number: 4 Appendix 1
	2.4 Equality monitoring wording is consistent and sensitive	2.4.1 Compare current equality questions and make appropriate changes to equality questionnaires on customer documents (see 2.10.1)	Lucy Richards & E&D Forum	30/12/19		
	2.5 Ensure our communications are accessible to protected groups	2.5.1 Review and re-issue document to staff 'Guidance on Alternative Forms of Communication'	Lucy Richards	Completed. Next review date 30/12/19	Guidance has been updated and re-issued on the Council's intranet 12 November 2018. Target date amended to 30 December 2019 for next annual review.	
	2.6 Check whether HR information and customer information that is sent out is available in hard copies inform people that an alternative range of formats is available on request	2.6.1 Review documents and add information if necessary	Lucy Richards, HR team and members of E&D Forum	31/12/18		
	2.7 Barriers to accessing services are removed where identified	2.7.1 Managers complete an EIA when planning changes and where an impact is identified they amend the proposal to remove or reduce the adverse impact	Lucy Richards, HR team and members of E&D Forum	Ongoing		
	2.8 Staff deliver excellent customer service to protected groups	2.8.1 Investigate and implement a viable process for monitoring customer complaints and compliments from people in protected groups or for complaints of harassment or discrimination	Lucy Richards	30/04/18. Completed.	Jane Brown, Customer Services Team Leader, to alert Lucy Richards when any equality related complaints are received. These will be monitored and any appropriate action taken.	

EQUALITY OBJECTIVES - KEY AREAS	OBJECTIVE	ACTIONS	LEAD OFFICER	TARGET DATE	PROGRESS AS AT 31.12.18	COMMENTS
Page 15	2.9 The website is accessible to protected groups	2.9.1 Website is reviewed to ensure it meets the needs of protected groups	Lucy Richards, Web Team	31/12/18. Complete. Next review date: 31/12/19	The website has an accessibility page setting out how it is accessible for different people: <a href="https://www.guildford.gov.uk/accessibility">https://www.guildford.gov.uk/accessibility</a> This is currently being reviewed (as at end Nov 2018). The website has already meeting the WCAG AA* accessibility standards and work has been carried out to make sure that it works across all devices and is responsive to all screen sizes etc. The aim is for all users to have the best experience possible, so the new regulation is an opportunity to go further. With this in mind, the following are being planned: <ul style="list-style-type: none"> <li>• Web team are visiting the “empathy” lab at Gov.uk in January to experience what the website is like for users who have different needs.</li> <li>• Review the site using our Siteimprove tool and use the report to make changes to the code to optimise the way things work/look – to move us as close to WCAG AAA rating across all points.</li> <li>• Currently working on new content that comes in to the Web team, to improve the standard of documents / video. The aim is to improve the PDFs that are recived as some are not well optimised and video does not always come with subtitles or transcripts. The team are attending a course in the New Year 2019 to develop their PDF editing skills. They will then either roll out an internal course to share their knowledge or offer an external course to those who produce PDFs for external use.</li> </ul>	
	2.10 We understand the needs of our community	2.10.1 Ensure equality information is included in customer satisfaction surveys	Lucy Richards, HR, and various managers	30/04/19		

3. EMPLOYMENT AND TRAINING	3.1 Staff are paid fairly and equitably	3.1.1 Appropriate use is made of the job evaluation scheme and appeals process	Francesca Smith	Ongoing	Approx 83% of existing posts have been through job evaluation	
		3.1.2 Completion of the Council-wide job evaluation project	Francesca Smith	30/04/19	Approx 83% of existing posts have been through job evaluation (as at end November 2018). Target date amended to review in 2019.	
		3.1.3 Regular salary benchmarking activity to ensure that salaries remain competitive and equitable in comparison to the local economy	Francesca Smith	30/12/19	The Council’s annual pay award is determined through collective bargaining with Unison to ensure that our salary scales remain competitive in the local economy. In 2018 the Council subscribed to E-PayCheck which provides HR with access to a salary and benefits benchmarking service across Local Authority roles enabling a comparison across the sector at both national and regional level. Review 30/12/19.	
		3.1.4 Annual review of the Pay Policy	Francesca Smith	30/06/19	The Pay Policy is reviewed and updated annually each year following the confirmation of any annual pay award. The last review was in May 2018. Amendments reflect any changes to legislation and local policy and following Council approval the policy is published on the Council’s website. Review June 2019.	

EQUALITY OBJECTIVES - KEY AREAS	OBJECTIVE	ACTIONS	LEAD OFFICER	TARGET DATE	PROGRESS AS AT 31.12.18	COMMENTS
Page 16		3.1.5 Annual gender pay gap analysis to identify the mean and median differences in pay between the genders	Francesca Smith	Completed. Next review date: 30/03/19	The Gender Pay Gap is analysed annually and following approval from the Corporate Governance & Standards Committee the report is published on the Government's Equality website and the transparency pages of the Council's website. The gap is currently positive.	Agenda item number: 4 Appendix 1
	3.2 Workforce profiling is used to compare and move towards a similar profile to that of our customers	3.2.1 Complete and publish workforce profile 2016	Lucy Richards	Completed	Completed. Published on website November 2018	
		3.2.2 Publish workforce profile for 2017	Lucy Richards	Completed	Completed. Published on website November 2018	
		3.2.3 Publish workforce profile annually	Lucy Richards	30/04/19		
	3.3 Adequate recruitment training is provided for managers	3.3.1 Ensure recruitment training is in place for newly appointed managers and as a refresher, provided or arranged by HR	Francesca Smith/Ali Holman	Completed	Recruitment training has been provided for newly promoted managers and for managers who recruit staff on a regular basis July and September 2018	Looking into whether to extend training to other managers during 2019
	3.4 Equality monitoring is used to inform decisions regarding employment policies and procedures	3.4.1 The impact of policies and procedures is reviewed annually and policies revised if necessary	HR team	Continuous	HR policies and procedures and equality impact assessed. Workforce profiling also highlights any differential impact on groups of employees with protected characteristics e.g. the number of grievances raised, bullying complaints, disciplinary hearings.	
	3.5 Form an equality and diversity forum	3.5.1 Invite employees to join a group looking at equality matters relating to employment and customers	Lucy Richards	28/02/18		
	3.6 Equality and diversity training available to all staff	3.6.1 Add refresher E&D training to the Corporate Training Plan	Hannah Cornick	31/03/19	Roll out of refresher training for existing staff is on hold until New Year (2019). (All new recruits receive mandatory E&D and disability awareness training in first six months of employment).	
	3.7 Be a Disability Confident employer	3.7.1 See separate action plan to achieve and maintain Disability Confident status	Lucy Richards and HR team		Change to objective: Decided to agree a plan of 'local' actions to support employees and job candidates with disabilities rather than continue with Disability Confident scheme.	
	3.8 Meet the commitment to the Time to Change campaign	3.8.1 See separate action plan for Time to Change	Natasha Sherwood, HR, Helen Barnsley, Corporate Public Health Coordinator	28/02/19	LR met with Natasha to discuss how to take this forward. Exploring the option of moving away from Time to Change and developing our own action plan to support mental ill health in the workplace at a local level.	
	3.9 Increase equality and diversity awareness for employees	3.9.1 With the introduction of the Equality and Diversity Forum (see objective 3.5) introduce bitesize awareness sessions for employees on various aspects of equality and diversity.	Lucy Richards	30/03/19		
	3.10 Increase the number of job applications from a more diverse range of candidates including those with protected characteristics	3.10.1 Investigate options and advertise on specialist diversity recruitment sites in order to reach a more diverse range of applicants	Lucy Richards	30/04/19		

EQUALITY OBJECTIVES - KEY AREAS	OBJECTIVE	ACTIONS	LEAD OFFICER	TARGET DATE	PROGRESS AS AT 31.12.18	COMMENTS
		3.10.2 Create a brief diversity and safeguarding statement to appear on all job adverts	Ali Fleming	Completed	This statement has been added to job adverts/recruitment information: We are an equal opportunity employer and value diversity. All employment decisions are made on the basis of qualifications, merit and business need. Our organisation is committed to safeguarding and promoting the welfare of children, young people and vulnerable adults, and expects all staff and post-holders to share this commitment. To fulfil this commitment we have robust systems in place for the safe recruitment of staff and volunteers.	
4. CONSULTATION AND COMMUNITY DEVELOPMENT	4.1 The borough's various communities are encouraged to engage with the Council on equality matters	4.1.1 Use all of our communications media to communicate our key messages	Sam Hutchison/Lucy Richards	Ongoing	Matters relating to social exclusion, mental ill health, health and wellbeing etc are communicated and promoted via social media, community newsletters, weekly email updates, gazebo events, community events, flyers, settling in visits. Face to face communication takes place at events such as Football Fantastic, Grassroots, Sport for All, Friary coffee mornings, Dementia Alliances, Park Barn and Westborough Residents Association and the Tenant Advisory Group (TAG).	
	4.2 Protected groups are targeted by inviting them to participate in consultation	4.2.1 Appropriate services are made aware of key issues that their various communities can engage with	Equality and Diversity Forum	30/04/19		
		4.2.2 Coordinate with service leaders on community consultation with regard to the services we provide	Equality and Diversity Forum	30/04/19		

This page is intentionally left blank

Corporate Governance and Standards Report

Ward(s) affected: N/A

Report of Managing Director (Head of Paid Service)

Author: Francesca Smith, HR Manager

Tel: 01483 444014

Email: Francesca.smith@guildford.gov.uk

Lead Councillor responsible: Iseult Roche

Tel: 07710 492226

Email: iseult.roche@guildford.gov.uk

Date: 17 January 2019

## 2019 Gender Pay Gap report

### Executive Summary

The Equality Act 2010 (Gender Pay Gap Information) Regulations 2017 impose obligations on employers with 250 or more employees to publish information annually relating to the gender pay gap in their organisation. In particular, employers are required to publish, amongst other information, the difference between the average hourly rate of pay paid to male and female employees; and the relative proportions of male and female employees in each quartile pay band of the workforce.

This report sets out Guildford's Gender Pay Gap Report for 2019, which will be published on the Council's website and on a publicly accessible Government website, and retained for a period of three years.

### Recommendation to Corporate Governance and Standards Committee

That the Committee notes the Gender Pay Gap Report for the year 2019, attached at Appendix 1 to this report.

### Reason(s) for Recommendation:

To comply with the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017

### 1. Purpose of Report

1.1 In 2017, the Government introduced regulations which require the Council to publish details of our gender pay gap annually on our website and to upload this information to a publicly accessible Government website.

### 2 Strategic Priorities

2.1 We strive to provide equality of opportunity within the Council and aim to ensure that our workforce is diverse and inclusive. Creating a workplace where

everyone is valued is part of our organisational values and our commitment to this is set out in our Corporate Plan.

### **3. Background**

- 3.1 The Gender Pay Gap Report (see Appendix 1), sets out our gender pay gap which, with a mean pay gap of -9%, compares favourably to the national figure of 8.6%.
- 3.2 The Gender Pay Gap was first published last year and our mean pay gap figure has remained the same with a slight change in our median pay gap figure, which has reduced from -22% to -21%.

### **4. Equality and Diversity Implications**

- 4.1 The Gender Pay Gap analysis enables the Council to review whether we have fairness and equality in the application of pay and remuneration within the Council.
- 4.2 The Council's duty under section 149 of the Equality Act 2010 is to have due regard to the matters set out in relation to equalities when considering and making decisions. This duty has been considered in the context of this report and it has been concluded that there are no equality and diversity implications arising directly from consideration of this matter, as the Committee is merely being asked to note the Report.

### **5. Financial Implications**

- 5.1 No financial implications apply.

### **6. Legal Implications**

- 6.1 Under the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017, the Council, as a relevant employer, is required to publish our gender pay gap data on the Government's Equalities website and on our own website by 30 March 2019.

### **7. Human Resource Implications**

- 7.1 The HR Manager is responsible for publishing the gender pay gap data, there are no further HR implications.

### **8. Background Papers**

None

### **9. Appendices**

Appendix 1: Gender Pay Gap Report 2019



*Please ensure the following service areas have signed off your report. Please complete this box and do not delete*

<b>Service</b>	<b>Sign off date</b>
<i>Finance / 151 Officer</i>	
<i>Legal / Governance</i>	
<i>HR</i>	<i>5.12.18</i>
<i>Equalities</i>	<i>5.12.18</i>
<i>Lead Councillor</i>	
<i>CMT</i>	
<i>Committee Services</i>	<i>17/12/2018</i>

This page is intentionally left blank



## 2019 Gender Pay Gap report

*Equality is fundamental to building a fair society and a strong economy as we need to make sure that we benefit from the talents of everyone. Within our Council we strive to deliver equality of opportunity and aim to ensure that our workforce is diverse and inclusive.*

*One of the ways that we support equality is through fair pay and we're confident that our job evaluation scheme ensures that the men and women that we employ are paid equally for doing the same job.*

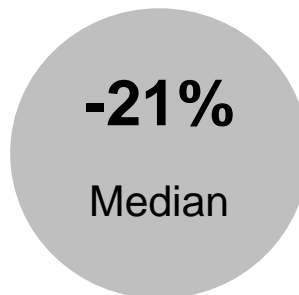
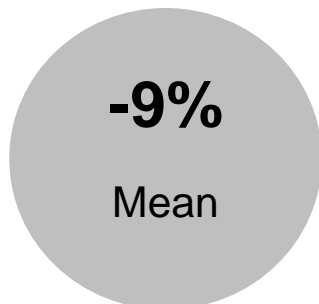
*Government regulations require us to publish an annual gender pay gap report so that we can measure the difference in average earnings between women and men. This enables us to identify any pay gap differences and develop initiatives to improve any gender imbalance that we find. We think we're getting some things right but we want to build on this and create a Council that people want to work for and feel welcomed and involved.*

**James Whiteman**  
Managing Director

### Our Gender Pay Gap

The gender pay gap is defined as the difference between the mean and median hourly rate of pay that our male and female employees receive.

- The **mean pay gap** is the difference between average hourly earnings of men and women.
- The **median pay gap** is the difference between the mid-point in the range of hourly earnings of men and women, when arranged from lowest to highest.



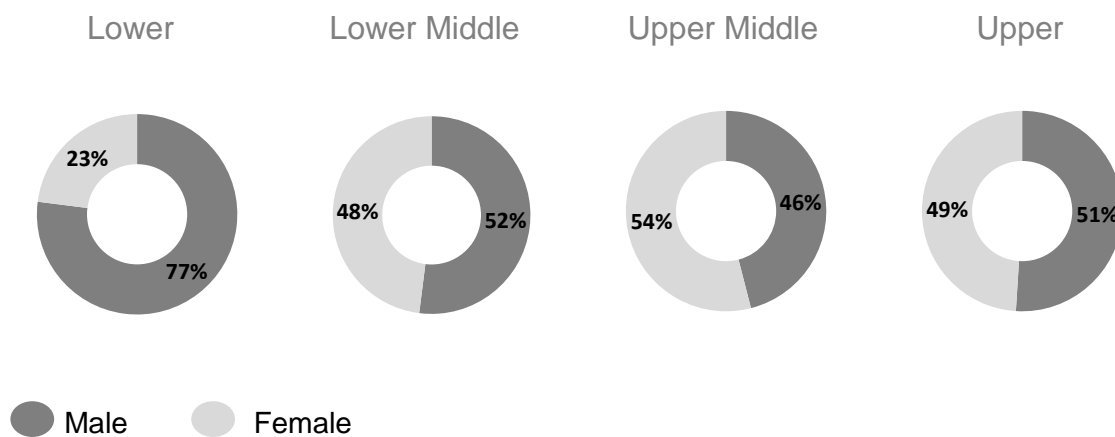
These figures provided are based on hourly rates of pay at 1 November 2018 and show that:

- our female employees have an average hourly rate that is 9% higher than our male employees hourly rate.
- At the mid-point within the range of hourly earnings that we pay our male and our female employees, our female employees have an hourly rate that is 21% higher than our male employees hourly rate.

The main reason for this gender pay gap is an imbalance of male and female colleagues across the services as we have a much higher proportion of men working in our Waste Collection Service and our Parks and Landscape Service. Many of the roles within these services fall within the lower pay bands.

We do not pay any bonuses to our staff and the requirement to report on this is therefore not applicable.

## Our Gender Pay Gap by quartile



This chart shows the gender split when we order hourly rate of pay from lowest to highest and then group these into four equal quartiles.

- The lower quartile contains more females than males for the reasons set out above.
- The lower middle quartile is fairly evenly split with more males than females.
- The upper middle quartile is fairly evenly split with more females than males.
- The upper quartile is evenly split with marginally more men than women in our very senior roles.

## How we compare to others

The vast majority of organisations have a gender pay gap and we are pleased to be able to say that we compare favourably to others. The gender pay gap nationally across all sectors is now 8.6%, and 7.7% for Local Authority employees, according to the October 2018 Office for national Statistics (ONS) Annual Survey of Hours and Earnings (ASHE) figures.

## How we are addressing the pay gap

### Recruitment

We aim to recruit from the widest possible talent pool and our hiring managers are trained in both equality and diversity, and how to recruit using competency based interview techniques that aim to avoid unconscious bias. The organisations that work with us to support our recruitment needs are professional recruitment specialists who are committed to attracting diverse candidates.

### Flexible working

We offer our employees a wide range of flexible working options to enable them to effectively manage their work/life balance. These options include part-time working, condensed working weeks, term time working, job share, occasional home working, agile working and a generous flexi-time scheme. In addition we offer extra leave purchase through a salary sacrifice scheme.

### Development

We are committed to identifying from within our current workforce those employees who have the potential to grow into more senior roles. We will offer support and development opportunities to those employees including coaching and mentoring both within and outside of our organisation.



I, James Whiteman, Managing Director, confirm that the information in this statement is accurate.

Signed

Date 4 December 2018

This page is intentionally left blank

Corporate Governance and Standards Committee Report

Ward(s) affected: n/a

Report of Director of Environment

Author: Ciaran Ward

Tel: 01483 444072

Email: [ciaran.ward@guildford.gov.uk](mailto:ciaran.ward@guildford.gov.uk)

Lead Councillor responsible: Matt Furniss

Tel: 07891 022206

Email: [matt.furniss@guildford.gov.uk](mailto:matt.furniss@guildford.gov.uk)

Date: 17 January 2019

## **Freedom of Information Compliance: Annual Report 2018**

### **Executive Summary**

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

The Council's performance rate for timely delivery of FOIs during the calendar year 2018 was 93%, which compares favourably with the figure of 91.5% recorded at the end of 2017. The Council therefore exceeds both the Information Commissioner's performance indicator of 85%, and the 90% target agreed by Corporate Management Team.

### **Recommendation to Committee**

That Corporate Governance and Standards Committee notes the officer actions and continues to receive six monthly updates.

### **Reasons for Recommendation:**

- 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

**1. Purpose of Report**

- 1.1 The Corporate Governance and Standards Committee has requested this report to ensure the Council improves its response timescales for FOI and EIR requests.
- 1.2 Promoting openness and transparency in Council policy and decision-making is essential to promote public confidence within the Borough in order to improve prosperity and well-being as outlined in the Strategic Framework – i.e. the Council “will be open and accountable”.
- 1.3 Effective compliance with information governance, including the management of the Council’s FOI/EIR regime plays a key part in achieving these objectives.

**2. Background**

- 2.1 The Council is required to respond to FOI and EIR requests within 20 working days – subject to certain exceptions as long as the requester is kept informed – for example extra time can be taken to consider the Public Interest Test.

**3. Update on progress in 2018**

- 3.1 As at 7 December 2018, the Council had received 750 FOI/EIR requests during the current calendar year. A total of 694 had been received at this stage last year, so there has been an 8% increase in requests over the last 12 months.
- 3.2 The Council’s performance time currently stands at 93% of requests being closed within the statutory period (20 working days), compared with a figure of 91.5% in 2017 – a small, but welcome increase of 1.5%.

**4. Requests received by Directorate, January – December 2018 (up to 7 December 2018)**

- 4.1 The Community directorate received the most requests with 251 (33% of the total requests received). Of these requests, 91% were answered within the 20 working day time-scale.
- 4.2 The best performing directorate was Planning and Regeneration with an impressive 100% compliance rate.
- 4.3 All directorates are currently performing above the ICO’s performance target of 85%. At this time last year, all directorates were similarly performing above this target figure. However, the organisational restructure at the end of the 2017-18 must be taken into account, as various service areas were moved into different directorates following the dissolution of Resources and the creation of the new Finance directorate.



**Fig 1 – Table of Requests by directorate and percentage answered in time**

<b>Directorate</b>	<b>Requests received</b>	<b>Requests answered in time (within 20 working days)</b>	<b>Percentage answered in time</b>
Community	251	229	91%
Environment	162	147	91%
Finance	206	198	96%
Management Team	53	48	90%
Planning & Regeneration	78	78	100%
<b>TOTAL/AVERAGE</b>	<b>750</b>	<b>700</b>	<b>93%</b>

4.4 Fifteen service areas scored a highly commendable 100% performance rate - see table in Appendix 1 for full details.

**5. Exemptions**

5.1 The most frequently used exemption under the Freedom of Information Act used for withholding requested information (either partially or completely) was section 21 (information available by other means), which was used on 71 occasions to date this calendar year – compared to 39 occasions at this time last year.

5.2 The majority of these requests (40 in total) related to business rates.

5.3 This is largely due to the information being readily available on the Council’s website. The greater the amount of pro-actively published online information, the less time and effort will be required in dealing with FOI requests. A project to set up a disclosure log of FOI/EIR responses for publication on the Council’s website is currently in progress and is being managed in liaison with Fivium, the company which provides the eCase system.

5.4 The next most commonly applied exemptions were section 40 (where third party personal data is involved) and section 31 relating to law enforcement.

**6. Categories of Requester**

6.1 The largest category of requester during 2018 was the correspondent group “Other” (a miscellaneous category consisting largely of private companies, professional bodies and other councils), accounting for 37% of all FOI/EIR requests, and thus reflecting a similar trend to 2017 when the figure was 40%.

**Fig 2 – Categories of Requester**

<b>Correspondent Group</b>	<b>No. of requests</b>	<b>%</b>
Other	277	37%
Charity	20	3%
Campaign Group	16	2%
Media	106	14%
Political	6	1%
“WhatDoTheyKnow”	39	5%
Trade Union	3	0.5%
Academic	5	0.5%
Member of the Public	274	36.5%
Legal	4	0.5%

6.2 The overall figures reflect a very similar pattern to 2017. See Appendix 2 for bar chart.

**7. Internal Reviews**

7.1 Eight FOI/EIR requests so far this year have gone to internal review stage – the same number for this time last year. Five review cases are currently open. Of the closed cases, two of the appeals were dismissed and one was partially allowed.

**8. Subject Access Requests**

8.1 Following the coming into force of the General Data Protection Regulation (GDPR) in May 2018, the Council experienced a spike in the number of Subject Access Requests (SARs) received. A total of 17 new requests were received since 25 May. The Council therefore received more than twice as many SARs in the space of six months than during the whole of 2017, when a mere 7 were received. This was not completely unexpected given that under the GDPR, organisations can no longer charge the standard £10 fee and the substantial volume of publicity and media coverage enjoyed by the GDPR in the run-up to its implementation.

8.2 However, in recent months the trend has flattened out to a more normal pattern.

**9. Equality and Diversity Implications**

9.1 No Equality and Diversity Implications apply to this report.

**10. Financial Implications**

10.1 There are no financial implications to this report.

**11. Legal Implications**

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

**12. Human Resource Implications**

- 12.1 There are no proposals in this report with any direct HR implications.

**13. Conclusion**

- 13.1 The Council's overall performance on the timely delivery of information requests has exceeded Corporate Management Team's set target of 90% for the second year running. Notably, 15 service areas deserve special commendation for achieving a 100% compliance rate. The Planning and Regeneration Services directorate in particular stands out as all four of its internal service areas scored an impressive 100%.
- 13.2 However, there is still room for improvement across the board. The Council will continue to strive to achieve as close to 100% compliance as possible.
- 13.3 Directors will ensure requests in their service areas remaining overdue or approaching their deadline date are resolved as soon as possible so that current standards can be kept up and if possible exceeded

**14. Background Papers**

None

**15. Appendices**

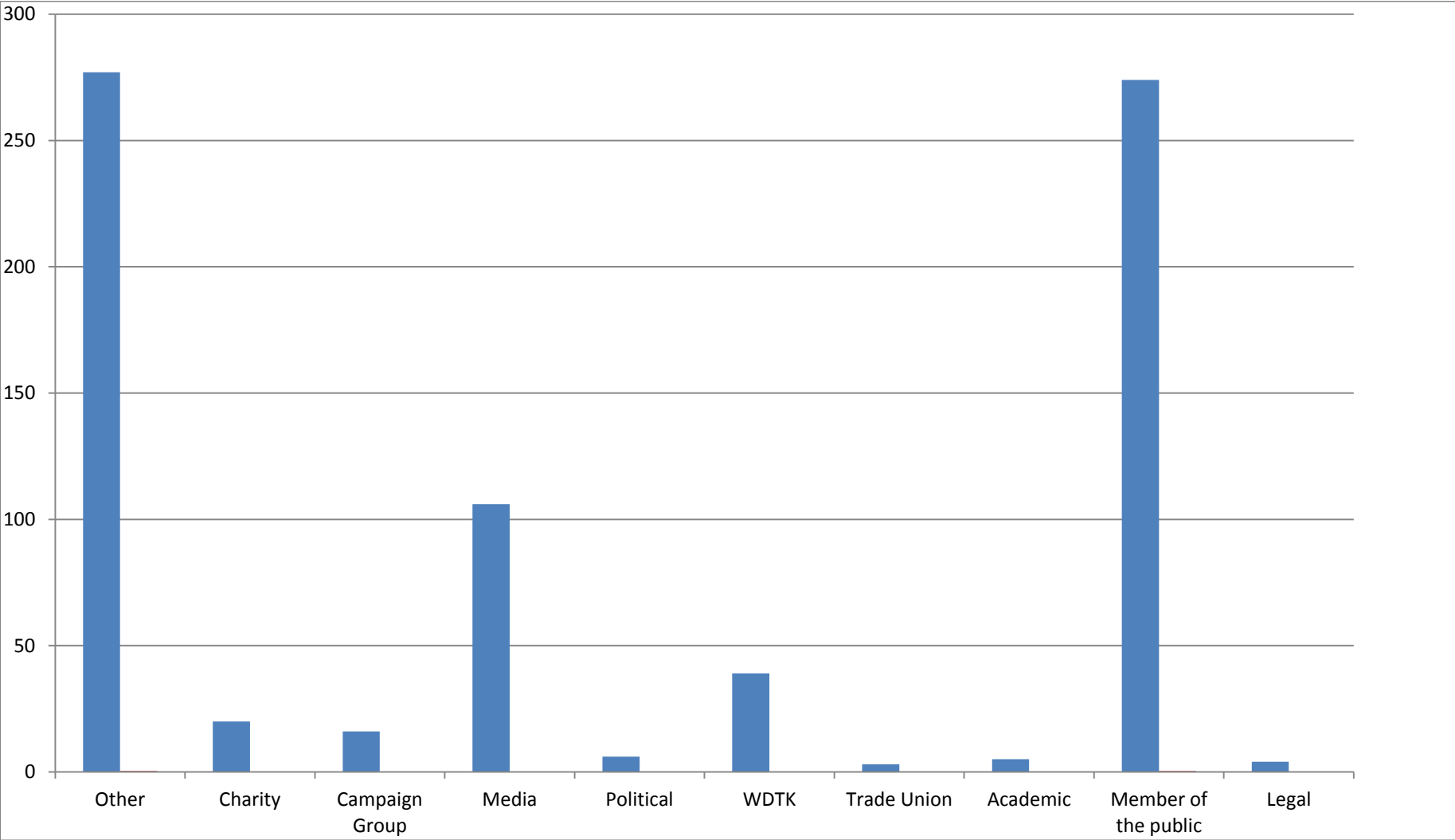
Appendix 1: FOI/EIR Requests received by service area, 01/01/18 – 07/12/18  
Appendix 2: Categories of FOI Requester 2018

**Appendix 1 – FOI/EIR Requests received by service area, 01/01/18 – 07/12/18**

<b>Service Area</b>	<b>Total requests</b>	<b>Total answered in time</b>	<b>Percentage</b>
<b>COMMUNITY</b>			
Community Services	3	3	100%
Corporate Property	20	19	95%
Environmental Health	40	37	92.5%
Facilities Management	4	0	0%
Housing Advice	57	54	95%
Licensing	30	30	100%
N & H Management	33	27	82%
Private Sector Housing	44	40	91%
Property Services	3	2	66%
Public Health	17	17	100%
<b>SUB-TOTAL</b>	<b>251</b>	<b>229</b>	<b>91%</b>
<b>ENVIRONMENT</b>			
Bereavement	6	5	83%
Cleansing/Recycling	38	32	84%
Customer Services	9	8	89%
Engineering	6	6	100%
Fleet & Waste	15	13	86%
Heritage & Culture	5	5	100%
Legal	27	26	96%
Leisure Services	2	2	100%
Parking	21	18	86%
Parks & Countryside	33	32	97%
<b>SUB-TOTAL</b>	<b>162</b>	<b>147</b>	<b>91%</b>
<b>FINANCE</b>			
Benefits	11	11	100%
Business Rates & Systems	83	83	100%
Council Tax	23	22	96%
Democratic Services	27	27	100%
ePayments	4	4	100%
Financial	27	21	78%
ICT	31	30	97%
<b>SUB-TOTAL</b>	<b>206</b>	<b>198</b>	<b>96%</b>

<b>Service Area</b>	<b>Total requests</b>	<b>Total answered in time</b>	<b>Percentage</b>
<b>MANAGEMENT TEAM</b>			
HR	26	26	100%
Corporate Management Team	2	2	100%
Payroll & Insurance	5	4	80%
Policy & Partnership	16	15	94%
PR & Marketing	4	1	25%
<b>SUB-TOTAL</b>	<b>53</b>	<b>48</b>	<b>90%</b>
<b>PLANNING &amp; REGENERATION</b>			
Planning	67	67	100%
Building Control	1	1	100%
Local Economy	9	9	100%
Major Projects	1	1	100%
<b>SUB-TOTAL</b>	<b>78</b>	<b>78</b>	<b>100%</b>
<b>TOTAL</b>	<b>750</b>	<b>700</b>	<b>93%</b>

**Appendix 2 – Categories of FOI Requester 2018**



Corporate Governance and Standards Report

Ward(s) affected: All

Report of Director of Finance

Author: Claire Morris

Tel: 01483 444827

Email: [claire.morris@guildford.gov.uk](mailto:claire.morris@guildford.gov.uk)

Lead Councillor responsible: Nigel Manning

Tel: 01252 665999

Email: [nigel.manning@guildford.gov.uk](mailto:nigel.manning@guildford.gov.uk)

Date: 17 January 2019

## **Financial Monitoring 2018-19 (April to November 2018)**

### **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 November 2018.

Officers are projecting a reduction in net expenditure on the general fund revenue account of £792,095 (representing 2.13% of our original net budget). This is the result of 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.

At service level, the projected outturn is £294,007 higher than the latest estimate once adjusted for items either funded from reserve or transferred to reserve.

A surplus on the Housing Revenue Account will enable a projected transfer of £7.03million to the new build reserve and £2.5 million to the reserve for future capital at year-end. The transfer is £216,947 lower than budgeted and is largely a consequence of the application of a risk-free interest rate on HRA reserve balances reflecting the allocation of risk between the general fund and the HRA.

Officers are making progress on a number of major capital projects on the approved programme as outlined in section 7. The Council expects to spend £56.2 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 £34.8 million by 31 March 2019, against an estimated position of £71.15 million. The

lower underlying need to borrow is a result of slippage on both the approved and provisional capital programme as detailed in paragraphs 7.3 to 7.6 of the report.

The Council held £117 million of investments and £224.6 million of external borrowing at 30 November 2018, which includes £193.1 million of HRA loans. Officers confirm that the Council has complied with its Prudential indicators in the period, which were set in February 2018 as part of the Council's Capital Strategy.

### **Recommendation to Corporate Governance and Standards Committee**

That the Committee notes the results of the Council's financial monitoring for the period April to November 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 to November 2018.

## **2. Strategic Priorities**

- 2.1 Councillors have reviewed and adopted an ambitious corporate plan for the period 2018-2023. The plan includes many significant projects and aspirations that will challenge us financially. Monitoring of our financial position during the course of the financial year is a critical part of our management of resources that will ultimately support delivery of the corporate plan.

## **3 Background**

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



3.2 The 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 Council's Corporate Governance and Standards Committee on a regular basis.

3.3 This report sets out the financial monitoring and covers:

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

#### 4 General Fund Revenue Account monitoring

4.1 **Appendix 1** shows the summary monitoring report for the general fund revenue. Officers have prepared the projected outturn on eight months' actual and accrued data.

4.2 **Appendix 2** shows detailed information for each service split between direct expenditure and income and indirect costs. We monitor the projected outturn against the revised (or latest) budget as this takes into account any virements or supplementary estimates approved since the original budget was set in February 2018.

4.3 At total service unit level, the projected outturn is £1,138,639 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 £294,007 higher than the latest estimate.

4.4 Following the receipt of dividends for the period, the return on external funds has been reforecast and net external interest receivable is projected to be £680,649 higher than our original estimate.

4.5 The Minimum Revenue Provision (MRP), based on the Capital Financing Requirement (CFR) at 31 March 2018 for the purposes of this report is shown as £795,190. This is £405,453 lower than originally estimated. The reduction is due to slippage in the capital programme experienced during 2017-18.

4.6 The overall projected position for net expenditure is £792,095 lower than estimate.

4.7 The table shows the supplementary estimates and virements approved to date.

#### Supplementary Estimates 2018-19

Service/Description	Approval Date	Committee	Value
Nil			
<b>TOTAL</b>			<b>£NIL</b>

**Virement Record 2018-19**

<b>Service/Description</b>	<b>Approved by</b>	<b>Date of Approval</b>	<b>Value £</b>
Homelessness Realignment of coding structures	Claire Morris	21 April 18	260,170
Asset Development Consolidation of Maintenance Budgets	Claire Morris	08 May 18	1,063,500
Realignment of service responsibility for Tree Management	Claire Morris	16 August 18	75,000
Major Projects - various schemes	CMT/Claire Morris	28 August 18	349,801
Senior Management Restructure - transformation saving	Claire Morris	04 September 18	286,440
Delivery of Internal Audit function - transformation saving	Claire Morris	05 September 18	159,800
Web team resourcing - post transferred from epayments team	Claire Morris	22 October 18	21,950
Chinese Business Opportunities	CMT/Claire Morris	30 October 18	6,500
Dog Control – service transferred between directorates	Claire Morris	30 October 18	25,320
Impact study into Brexit	CMT/Claire Morris	22 November 18	12,000
Guildford Community Lottery	Claire Morris	22 November 18	7,400
Planned repair and maintenance to Month 8	Claire Morris	30 November 18	245,810
<b>TOTAL</b>			<b>2,513,691</b>

*Major Service Variances*

- 4.8 **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 details service level budget variances that impact the bottom line once the implications of items financed from reserve or an approved carry forward are excluded.

Service	Revised Budget outturn projection Appendix 2 (£)	Transfer to/ from reserve (£)	Adjusted Revised Budget outturn projection (£)
<b>Community Services</b>			
Corporate Property Services - lower than budgeted planned maintenance costs	(97,929)	0	(97,929)
Office Services - installation of LED lighting and unmet income target re: lease of office space	85,232	0	85,232
Investment Property - voids and accompanying business rates	111,219	0	111,219
Other Property - net rental from acquisition of Cinema/Old Orleans site	(214,973)	0	(214,973)
<b>Environment Directorate</b>			
Crematorium - uncommitted staffing growth bid and higher than anticipated cremation income re: refurbishment	(421,811)	0	(421,811)
Leisure Management Contract – irrecoverable utility costs	186,462	0	186,462
Parks and Countryside - traveller incursion costs, rental income assumption and repair and maintenance	114,498	0	114,498
Refuse and Recycling - fuel costs, agency backfill	500,093	(320,000)	180,093
Town Centre Management - profit share WiFi/sponsorship	206,140	0	206,140
Museum - staffing and management structure	103,811	(17,455)	86,356
Street Cleansing - vacancy saving net of agency costs	(148,036)	(4,235)	(152,271)
<b>Finance Directorate</b>			
Accountancy – vacancies and salary allocations	(136,637)	0	(136,637)
Feasibility Studies – assumption around budget commitment	(232,699)	0	(232,699)
Non Distributed Costs - pension back funding calculation	(206,358)	0	(206,358)
Miscellaneous Items - removal of inflation allowance	(219,336)	0	(219,336)
<b>Management</b>			
Business Improvement – unmet transformation savings target	220,535	0	220,535
<b>Planning and Regeneration Directorate</b>			
Development Control - temporary posts and maternity cover, planning appeal expenses	335,401	127,500	462,901
Building Control – engagement of agency staff	122,870	22,500	145,370
Climate Change – vacancies, carbon credit implications	(121,339)	0	(121,339)

## 5 Housing Revenue Account

5.1 **Appendix 3** shows the budget monitoring report for the Housing Revenue Account (HRA) for the period April to November 2018. As we approach the final quarter of the year, the report shows that HRA gross service expenditure is projected to outturn at 99.68% of the budgeted level, whilst income is projected to be 100.14% of the budgeted level. The projected outturn would enable a transfer of around £9.53 million to the new build reserve and the reserve for future capital.

- The rental income estimate for 2018-19 included a prudent allowance for Right to Buy (RTB) sales and the re-commissioning of units. Rental income is currently projected to be £119,460 (0.40%) lower 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 £127,000.
  - 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 point of the year, the projected expenditure on repairs and maintenance remains as per the budget.
  - 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. This is consistent with the HRA Business Plan, which prioritised the provision of additional housing. This approach will be subject to regular review and an updated business plan will be submitted reflecting constraints placed on the HRA by the prevailing legislation.
- 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.
- 5.3 In measures announced in the Social Housing Green Paper, the plan to impose a higher-value asset levy on social housing providers was scrapped, and the relevant provisions of the Housing and Planning Act 2016 repealed. This will mean that, for the first time in many years, councils will be able to prepare longer-term HRA business plans without the threat of imposition of the levy and the sale of so-called higher-value council housing and the consequent loss of vital future rental income entailed.
- 5.4 The proposals for reform in the way in which councils are able to use receipts from the sale of council houses under the statutory Right to Buy, issued alongside the green paper, are also to be welcomed – as is the government’s announcement to remove of the borrowing cap on councils’ housebuilding.

## **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. Currently, the general fund is 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 month 8.

Loan type		Balance 01 April 18 £000	New loans £000	Loans repaid £000	Balance 30 Nov 18 £000	Weighted average rate of
<b>PWLB</b>						3.16%
Variable		45,000	0	0	45,000	
Fixed	Maturity	147,435	0	0	147,435	
	EIP	690	0	(115)	575	
<b>Total long-term Loans</b>		<b>193,125</b>	<b>0</b>	<b>(115)</b>	<b>193,010</b>	
Temporary Loans		48,500	60,500	(89,500)	19,500	0.71%
<b>Total Loans</b>		<b>241,625</b>	<b>60,500</b>	<b>(89,615)</b>	<b>212,510</b>	

## Investment activity

6.4 During the period, we have continued with the diversification of our in-house investment portfolio into 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 2018-19 is £1.6 million; the projected outturn is £1.9 million. The gross cash balances representing the Council's reserves and working balances at 30 November 2018 available for investment were £110 million and net of short-term borrowing £90.5 million.

6.6 The Council's budgeted external interest cost, which relates to short and long-term borrowing, for the year is £6.03 million and the outturn is projected to be £5.4 million.

6.7 The original net interest receivable budget was £677,000. As at 30 November, we are projecting this will outturn at £1.35 million. This results from a reduction of £624,000 in interest payable on external borrowing assumptions. 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 relating to a liquidity buffer loan. On 2 August 2018, the Bank of England increased the base rate by 0.25% to 0.75%. This has resulted in higher investment returns on our variable interest rate investments.

6.8 The Council's annualised weighted return on investments for the period to November 2018 was 1.258% against an estimate of 1.629%.

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

Investment	Principal invested £000	Balance 01 April 18 £000	Movement in investment £000	Change in capital value £000	Balance 30 Nov 18 £000	Weighted average rate of interest
<b>Investment Funds</b>						
Payden & Rygel	5,000	5,007	0	(4)	5,004	0.42%
CCLA	5,000	6,652	0	84	6,736	3.25%
M&G	2,008	2,572	0	181	2,752	2.48%
Schroders	1,000	884	0	(15)	869	6.25%
Funding Circle	490	490	0	5	496	1.51%
UBS	2,500	2,336	0	(83)	2,253	2.98%
City Financial	2,500	2,303	0	(126)	2,177	3.77%
<b>In- House Investments:</b>						
Call Accounts		436	616		1,052	0.35%
Money Market Funds		8,324	845		9,169	0.60%
Notice Accounts		11,000	0		11,000	0.78%
Temporary Fixed Deposits		35,000	(24,000)		11,000	0.92%
Certificates of Deposit		3,000	(3,000)		0	0.64%
Unsecured bonds		5,803	(503)		5,300	0.76%
Covered Bonds		30,829	(2,629)		28,200	0.97%
Long Term Fixed Deposits		16,500	5,000		21,500	1.54%
Revolving Credit Facility		2,500	0		2,500	2.50%
<b>Total Investments</b>		<b>133,637</b>	<b>(23,671)</b>		<b>110,008</b>	

- 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.

### Prudential Indicators

- 6.11 Officers confirm that the Council has complied with its Prudential indicators in the period, which were set in February 2018 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 £591 million for 2018-19.
- 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 £535 million for 2018-19.

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 £241.6 million.

## 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 2018 for each scheme
- the estimate for 2018-19 as approved by Council in February 2018
- the 2018-19 revised estimate which takes into account the approved estimate, any project under spends up to 31 March 2018, and any virement or supplementary estimates
- 2018-19 current expenditure
- 2018-19 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 paragraph 7.3 to 7.11 below.

CAPITAL EXPENDITURE SUMMARY	2018-19	2018-19	2018-19	2018-19
	Approved £000	Revised £000	Outturn £000	Variance £000
<b>General Fund Capital Expenditure</b>				
- Main Programme	54,287	57,425	47,349	(10,076)
- Provisional schemes	41,103	38,235	2,935	(35,300)
- Schemes funded by reserves	4,351	6,095	5,540	(555)
- S106 Projects	0	350	350	0
- Affordable Housing (General Fund)	0	0	0	0
<b>Total Expenditure</b>	<b>99,741</b>	<b>102,106</b>	<b>56,175</b>	<b>(45,931)</b>
<b>Housing Revenue Account Capital Expenditure</b>				
Approved programme	14,876	15,242	14,177	(1,066)
Provisional programme	7,830	7,830	442	(7,388)
<b>Total Expenditure</b>	<b>21,970</b>	<b>23,072</b>	<b>14,619</b>	<b>(8,454)</b>

### Approved (main) programme (Appendix 4)

7.3 Expenditure is expected to be £47.35 million representing a £10.08 million variance to the revised estimate of £57.42 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 £26.35 million may seem low, a number of significant projects are in progress. These include:

- FS1 – capital contingency fund –there is £3.07 million remaining in the fund
- ED25 – Guildford Park infrastructure works (£4.76 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) (£1.76 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.
- PL9 – Crematorium rebuild (£5 million) – work is progressing on this scheme which is scheduled for completion in 2019-20
- ED32 – Internal Estate Road CLLR Phase 1 (£4.96 million)

7.4 In addition to the schemes outlined above, the re-profiling of the following significant amounts that were due to be spent on schemes or projects in 2018-19 will now be carried forward into 2019-20 or vice versa.:

- North Downs Housing investment (£16.29 million) – spend now expected between 2019-2022.
- TCMP sites – Bedford Road Wharf £15.75 million – spend now in 2018-19 originally expected in 2019-20.
- PL9 – Crematorium rebuild (£5.43 million) – work is progressing on this scheme which is scheduled for completion in 2019-20

#### **Provisional programme (Appendix 5)**

7.5 Expenditure on the provisional programme is expected to be £2.93 million, against the revised estimate of £38.23 million, representing a variance of £35.3 million. These projects are still at feasibility stage and will be subject to Executive approval of a business case before they are transferred to the approved capital programme. It is only once the business case is approved that the capital works can start. Monitoring progress of these projects is key to identifying project timescales. The significant projects are:

- ED25(p) – Guildford Park new MSCP and infrastructure works (£18.62 million)
- ED48(p) – Westfield/Moorfield Road resurfacing (£3.15 million)

The re-profiling of schemes has resulted in a significantly lower level of expenditure than planned in 2018-19.

7.6 A number of other projects, that were also anticipated to start in 2018-19 have been re-profiled into future years including:

- PL16(p) - New burial ground acquisition and development (£2.46 million)
- PR7(p) - Town Centre transport infrastructure package (£4 million)
- ED22(p) - Energy efficiency compliance council owned properties (£1.15 million)

#### **S106 (Appendix 6)**

7.7 Capital schemes funded from s106 developer contributions are expected to total £350,000.



### **Reserves (Appendix 7)**

7.8 Capital schemes funded from the Council's specific reserves. The outturn is anticipated to be £5.54 million. The main projects are:

- expenditure on car parks £1.79 million
- ICT renewals £1.5 million
- ICT infrastructure improvement £1.25 million

### **Capital resources (Appendix 8)**

7.9 When the Council approved the budget, the estimated underlying need to borrow for 2017-18 was £71.1 million. The current estimated underlying need to borrow is £34.82 million. The reduction is due to slippage in the programme where schemes are re-profiled into future years.

### **Housing Investment Programme Approval Capital (Appendix 9)**

7.10 The HRA approved capital programme is expected to outturn at £14.18 million against a revised estimate of £15.2 million. A number of projects are in progress. These include:

- Guildford Park - 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.
- Appletree - works are progressing with completion due in May 2019.
- Great Goodwin Drive - works are ongoing, completion is due this financial year.
- Ladymead/Fire Station – works started on site in Autumn 2018.

### **Housing Investment Programme Provisional Capital (Appendix 10)**

7.11 The provisional programme's budget was £7.8 million with expenditure anticipated this financial year of £0.44 million. 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 and Bright Hill redevelopments contributed to a position where expenditure is lower than originally anticipated in 2018-19.

## **8 Consultations**

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

## **9 Equality and Diversity Implications**

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

## **10 Financial Implications**

10.1 The financial implications are contained throughout the report.

## **11 Legal Implications**

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

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

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

## **12 Human Resource Implications**

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

## **13 Summary of Options**

13.1 This report outlines the anticipated outturn position for the 2018-19 financial year based on eight months actual data. There are no specific recommendations and therefore no options to consider.

## **14 Conclusion**

14.1 The report summarises the financial monitoring position for the period April to November for the 2018-19 financial year.

14.2 Officers are currently projecting a reduction in net expenditure of £792,095 on the general fund revenue account. The main reasons for this are set out in the table in paragraph 4.8.

14.3 The Chief Finance Officer in consultation with the Lead Councillor for Finance and Asset Management will determine the treatment of any balance as part of closing the 2018-19 accounts.

14.4 The surplus on the Housing Revenue Account will enable a transfer of £7.03 million to the new build reserve and £2.5 million to the reserve for future capital at year-end.

- 14.5 Actual expenditure incurred on our general fund capital programme for the period has been comparatively low against the programme envisaged at the 1 April 2018. Officers are making progress against significant capital projects on the approved programme as outlined in section 7. The Council expects to spend £56.18 million on its capital schemes by the end of the financial year.
- 14.6 It is anticipated that the Council's underlying need to borrow to finance the capital programme will be £34.82 million by 31 March 2019. The Council has complied with Prudential Indicators during the period with the exception of the upper limit on variable interest rates.
- 14.7 At the end of November 2018, the Council had £110 million of current investment balances.

**15 Background Papers**

None

**16 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 approved capital programme  
Appendix 10: Housing Revenue Account provisional capital programme

This page is intentionally left blank

Appendix 1

Actual 2017-18 £	GENERAL FUND SUMMARY	Original Estimate 2018-19 £	Latest Estimate 2018-19 £	Projection 2018-19 £
5,730,610	Community Services	6,566,430	(42,436)	(578,214)
3,660,491	Corporate	4,182,470	0	0
(64,620)	Planning and Regeneration	(940,790)	7,439,374	6,843,824
10,228,910	Environment	12,541,840	12,761,626	13,363,302
(152,784)	Managing Director	(720,960)	423,360	612,724
1,683,406	Finance	4,265,080	7,828,371	7,030,020
<b>21,086,013</b>	<b>Total Directorate Level</b>	<b>25,894,070</b>	<b>28,410,295</b>	<b>27,271,656</b>
(11,858,453)	Depreciation (contra to Service Unit Budgets)	(11,622,280)	(11,622,280)	(11,623,096)
<b>9,227,560</b>	<b>Directorate Level excluding depreciation</b>	<b>14,271,790</b>	<b>16,788,015</b>	<b>15,648,560</b>
(1,594,679)	External interest receivable (net)	(677,696)	(677,696)	(1,358,345)
573,852	Minimum Revenue Provision	1,200,643	1,200,643	795,190
(18,174)	Revenue income from sale of assets	0	0	0
	<b>Revenue Contributions to Capital Outlay (RCCO)</b>			
1,000,000	Met from: Capital Schemes reserve	0	0	0
1,204,102	Other reserves	862,000	862,000	862,000
0	General Fund	0	0	0
<b>10,392,661</b>	<b>Total before transfers to and from reserves</b>	<b>15,656,737</b>	<b>18,172,962</b>	<b>15,947,405</b>
	<b>Transfers to and from reserves</b>			
	Capital Schemes reserve			
(1,000,000)	Funding of Revenue Contribution to Capital Outlay	0	0	0
120,000	Contribution in year	0	0	0
(733,838)	Budget Pressures reserve	(975,227)	(975,227)	(629,227)
2,499,270	Business Rates Equalisation reserve	2,097,217	2,097,217	2,310,557
250,532	Car Park Maintenance reserve	(999,580)	(999,580)	(1,193,443)
32,500	Election Costs reserve	62,500	62,500	62,500
384,198	Housing Revenue Account	804,490	804,490	474,278
12,138	Insurance reserve	(5,630)	(5,630)	7,228
48,007	IT Renewals reserve	227,880	227,880	247,622
(285,948)	Invest to Save reserve	155,450	155,450	43,752
(193,496)	Local Authority Business Growth Incentive reserve	0	0	0
37,815	New Homes Bonus reserve	(269,969)	(269,969)	(249,969)
55,613	On Street Parking Reserve	46,190	46,190	(187,781)
1,577,983	Pensions Reserve (Statutory)	0	0	0
0	Recycling reserve	0	0	(300,000)
(65,050)	Spectrum reserve	181,510	181,510	181,510
2,180,826	Carry Forward Items	0	(2,516,145)	(1,288,082)
1,884,897	Other reserves	(215,630)	(215,739)	547,493
<b>17,198,108</b>	<b>Total after transfers to and from reserves</b>	<b>16,765,938</b>	<b>16,765,909</b>	<b>15,973,843</b>
	<b>Business Rates Retention Scheme payments</b>			
29,737,627	Business Rates tariff payment	22,269,018	22,269,018	22,269,018
0	Business Rates tariff payment to MHCLG	(475,774)	(475,774)	(475,774)
(475,758)	Business Rates levy payment to Surrey - Croydon Pool	0	0	0
0	Business Rates pilot gain from Surrey Pilot Pool	(351,982)	(351,982)	(351,982)
	<b>Non specific government grants</b>			
(1,183,169)	s31 grant re BRR scheme	(1,413,309)	(1,413,309)	(1,413,309)
(20,232)	s31 grant re council tax	0	0	0
(101,789)	Transition grant	0	0	0
(20,103)	New Burdens grant	0	0	0
(2,075,466)	New Homes Bonus grant	(1,200,586)	(1,200,586)	(1,200,586)
<b>43,059,218</b>	<b>GUILDFORD BOROUGH COUNCIL NET BUDGET</b>	<b>35,593,305</b>	<b>35,593,276</b>	<b>34,801,210</b>
1,576,106	Parish Council Precepts	1,631,985	1,631,985	1,631,985
<b>44,635,324</b>	<b>TOTAL NET BUDGET</b>	<b>37,225,290</b>	<b>37,225,261</b>	<b>36,433,195</b>
(35,250,674)	Business Rates - retained income	(26,159,016)	(26,159,016)	(26,159,016)
(319,407)	Revenue support grant	0	0	0
654,015	Collection Fund Deficit - Business Rates	52,958	52,958	52,958
(120,602)	Collection Fund Surplus - Council Tax	38,032	38,032	38,032
<b>9,598,656</b>	<b>COUNCIL TAX REQUIREMENT</b>	<b>11,157,264</b>	<b>11,157,235</b>	<b>10,365,169</b>
	<b>Projected (under)/over spend</b>			<b>(792,095)</b>
	<b>Movement in MRP and External Interest</b>			<b>1,086,102</b>
	<b>Adjusted Projection</b>			<b>294,007</b>
	<b>Adjusted Projection M6</b>			<b>(145,347)</b>
	<b>Movement in Projection M6 v M8</b>			<b>439,354</b>

This page is intentionally left blank

COMMUNITY SERVICES

Revised Budget      Projected Outturn      Variance

<b>SERVICE SUMMARY</b>			
Direct Expenditure	15,372,366	16,147,659	775,293
Income	(19,377,862)	(20,425,822)	(1,047,960)
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>(4,005,496)</b>	<b>(4,278,163)</b>	<b>(272,667)</b>
Indirect Expenditure	3,963,060	3,699,949	(263,111)
<b>Net (Income)/Expenditure</b>	<b>(42,436)</b>	<b>(578,214)</b>	<b>(535,778)</b>

BUILDING MAINTENANCE

Direct Expenditure	3,311,410	3,863,806	552,396	A variation in the level of work undertaken, including an increase in resources to reduce the length of void periods for HRA properties. These additional costs will be recharged to the Housing Revenue Account.
Income	(3,409,530)	(3,961,966)	(552,436)	
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>(98,120)</b>	<b>(98,160)</b>	<b>(40)</b>	
Indirect Expenditure	91,360	91,400	40	
<b>Net (Income)/Expenditure</b>	<b>(6,760)</b>	<b>(6,760)</b>	<b>0</b>	

GYPSY AND TRAVELLER SITES

Direct Expenditure	116,690	95,512	(21,178)	Vacant post.
Income	(169,720)	(189,660)	(19,940)	Unbudgeted Management Fee income.
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>(53,030)</b>	<b>(94,148)</b>	<b>(41,118)</b>	
Indirect Expenditure	31,200	31,264	64	
<b>Net (Income)/Expenditure</b>	<b>(21,830)</b>	<b>(62,884)</b>	<b>(41,054)</b>	

CITIZENS ADVICE BUREAU

Direct Expenditure	283,420	283,412	(8)
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>283,420</b>	<b>283,412</b>	<b>(8)</b>
Indirect Expenditure	1,770	1,778	8
<b>Net (Income)/Expenditure</b>	<b>285,190</b>	<b>285,190</b>	<b>0</b>

CIVIL EMERGENCIES

Direct Expenditure	58,311	58,721	410
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>58,311</b>	<b>58,721</b>	<b>410</b>
Indirect Expenditure	3,810	3,818	8
<b>Net (Income)/Expenditure</b>	<b>62,121</b>	<b>62,539</b>	<b>418</b>

**COMMUNITY SERVICES**

**Revised Budget      Projected Outturn      Variance**

**CORPORATE PROPERTY SERVICES**

Direct Expenditure	1,960,417	1,760,811	(199,606)	Planned maintenance costs are forecast to be lower than budget due to delays in consents and the procurement process. Salaries are below budget due to vacancies in the team, partly covered by temporary staff and leading to a lower recovery rates of support recharges (see below). It is anticipated the Surveyor posts will be recruited during the course of January.
--------------------	-----------	-----------	-----------	--

Income	(1,087,510)	(793,587)	293,923	
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>872,907</b>	<b>967,224</b>	<b>94,317</b>	
Indirect Expenditure	335,540	143,294	(192,246)	
<b>Net (Income)/Expenditure</b>	<b>1,208,447</b>	<b>1,110,518</b>	<b>(97,929)</b>	

**DAY SERVICES**

Direct Expenditure	618,509	617,795	(714)	
Income	(205,050)	(210,208)	(5,158)	
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>413,459</b>	<b>407,587</b>	<b>(5,872)</b>	
Indirect Expenditure	165,110	163,012	(2,098)	
<b>Net (Income)/Expenditure</b>	<b>578,569</b>	<b>570,599</b>	<b>(7,970)</b>	

**EMERGENCY COMMUNICATIONS SYSTEM**

Direct Expenditure	263,723	258,517	(5,206)	
Income	(359,780)	(374,737)	(14,957)	Increase in lease monitoring income increased subscriptions to the service.

<b>Total Directly Controllable (Income)/Expenditure</b>	<b>(96,057)</b>	<b>(116,220)</b>	<b>(20,163)</b>	
Indirect Expenditure	59,220	59,244	24	
<b>Net (Income)/Expenditure</b>	<b>(36,837)</b>	<b>(56,976)</b>	<b>(20,139)</b>	

**EMI SERVICES**

Direct Expenditure	276,500	264,511	(11,989)	Savings in employee costs due to substantive vacancies.
Income	(156,020)	(130,563)	25,457	There has been a reduction in grant income from Surrey County Council.

<b>Total Directly Controllable (Income)/Expenditure</b>	<b>120,480</b>	<b>133,948</b>	<b>13,468</b>	
Indirect Expenditure	19,490	19,250	(240)	
<b>Net (Income)/Expenditure</b>	<b>139,970</b>	<b>153,198</b>	<b>13,228</b>	



**COMMUNITY SERVICES**

	Revised Budget	Projected Outturn	Variance
--	----------------	-------------------	----------

**ENVIRONMENTAL CONTROL**

Direct Expenditure	432,964	477,026	44,062	Costs associated with joint working with Surrey Heath BC are included in direct expenditure projection (grant receipt included in income) The £25,000 funding received in 2017-18, and held in reserve, will be committed to support Air Quality projects in future years.
Income	(24,460)	(41,778)	(17,318)	
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>408,504</b>	<b>435,248</b>	<b>26,744</b>	
Indirect Expenditure	67,620	71,313	3,693	
<b>Net (Income)/Expenditure</b>	<b>476,124</b>	<b>506,561</b>	<b>30,437</b>	

**SURREY FAMILY SUPPORT PROGRAMME**

Direct Expenditure	429,240	472,685	43,445	There has been an increase in employee costs reflecting support for both the refugee and family support programmes (FSP). Refugee programme expenditure is met by the Home Office and FSP programme funding comes from Surrey County Council, on an agreed split of the central government grant. Expenditure in excess of the budget reflecting variations in grant support, will be transferred from reserves at the year-end.
Income	(255,000)	(292,738)	(37,738)	
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>174,240</b>	<b>179,947</b>	<b>5,707</b>	
Indirect Expenditure	65,610	65,618	8	
<b>Net (Income)/Expenditure</b>	<b>239,850</b>	<b>245,565</b>	<b>5,715</b>	

**FOOD AND SAFETY SERVICES**

Direct Expenditure	330,799	340,553	9,754	Unmet vacancy credit
Income	(1,800)	(1,830)	(30)	
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>328,999</b>	<b>338,723</b>	<b>9,724</b>	
Indirect Expenditure	82,980	83,012	32	
<b>Net (Income)/Expenditure</b>	<b>411,979</b>	<b>421,735</b>	<b>9,756</b>	

**HEALTH AND SAFETY**

Direct Expenditure	133,863	135,688	1,825
Income	(154,610)	(154,610)	0
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>(20,747)</b>	<b>(18,922)</b>	<b>1,825</b>
Indirect Expenditure	17,540	17,564	24
<b>Net (Income)/Expenditure</b>	<b>(3,207)</b>	<b>(1,358)</b>	<b>1,849</b>

**COMMUNITY SERVICES**

**Revised Budget                      Projected Outturn                      Variance**

**HOUSING SURVEYING SERVICES**

Direct Expenditure	731,600	691,845	(39,755)	Savings in employee costs due to substantive vacancies.
Income	(839,120)	(799,405)	39,715	Recharge of staffing costs to services.
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>(107,520)</b>	<b>(107,560)</b>	<b>(40)</b>	
Indirect Expenditure	105,950	105,990	40	
<b>Net (Income)/Expenditure</b>	<b>(1,570)</b>	<b>(1,570)</b>	<b>0</b>	

**GRANTS TO VOLUNTARY ORGANISATIONS - HOUSING AND COMMUNITY**

Direct Expenditure	533,137	533,713	576
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>533,137</b>	<b>533,713</b>	<b>576</b>
Indirect Expenditure	6,650	6,658	8
<b>Net (Income)/Expenditure</b>	<b>539,787</b>	<b>540,371</b>	<b>584</b>

**HOME FARM ESTATE, EFFINGHAM**

Direct Expenditure	110,475	107,595	(2,880)
Income	(12,230)	(11,541)	689
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>98,245</b>	<b>96,054</b>	<b>(2,191)</b>
Indirect Expenditure	17,120	17,573	453
<b>Net (Income)/Expenditure</b>	<b>115,365</b>	<b>113,627</b>	<b>(1,738)</b>

**HOMELESSNESS AND EMERGENCY ACCOMMODATION**

Direct Expenditure	761,801	842,291	80,490	See below.
Income	(9,000)	(399,067)	(390,067)	Income received from MHCLG in respect of Flexible Homelessness Support Grant £186,035, plus Prevention Partnership Fund £197,782 will be used to support additional expenditure shown above. The balance of funding will be transferred to reserve at year-end to support homelessness prevention in subsequent years.
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>752,801</b>	<b>443,224</b>	<b>(309,577)</b>	
Indirect Expenditure	99,680	99,712	32	
<b>Net (Income)/Expenditure</b>	<b>852,481</b>	<b>542,936</b>	<b>(309,545)</b>	

**HOUSING ADVICE**

Direct Expenditure	300,000	300,000	0
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>300,000</b>	<b>300,000</b>	<b>0</b>
<b>Net (Income)/Expenditure</b>	<b>300,000</b>	<b>300,000</b>	<b>0</b>

**COMMUNITY SERVICES**

**Revised Budget      Projected Outturn      Variance**

**AFFORDABLE HOUSING DEVELOPMENT**

Direct Expenditure	133,838	111,569	(22,269)	Savings in salaries due to vacancies, partially offset by the use of agency staff.
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>133,838</b>	<b>111,569</b>	<b>(22,269)</b>	
Indirect Expenditure	175,960	175,992	32	
<b>Net (Income)/Expenditure</b>	<b>309,798</b>	<b>287,561</b>	<b>(22,237)</b>	

**INDUSTRIAL ESTATES**

Direct Expenditure	289,882	312,525	22,643	
Income	(3,428,020)	(3,461,913)	(33,893)	Overall income is forecast to be ahead of budget with income generated from the acquisition of the head lease for 41 Moorfield Road offsetting the loss of Unit 11 Midleton Industrial Estate, which is subject to a planned redevelopment. Both changes were received after the 2018-19 estimates were prepared and the Midleton project results in a reduction in rental income due to void properties and free rent periods together with costs associated with void units.

<b>Total Directly Controllable (Income)/Expenditure</b>	<b>(3,138,138)</b>	<b>(3,149,388)</b>	<b>(11,250)</b>	
Indirect Expenditure	308,410	308,917	507	
<b>Net (Income)/Expenditure</b>	<b>(2,829,728)</b>	<b>(2,840,471)</b>	<b>(10,743)</b>	

**INVESTMENT PROPERTY**

Direct Expenditure	164,850	230,447	65,597	Void units at The Billings has resulted in additional utilities and Business Rates costs.
Income	(5,702,420)	(5,590,372)	112,048	Reduction in rental income due to void properties and rent free periods not anticipated as part of the budget preparation process.

<b>Total Directly Controllable (Income)/Expenditure</b>	<b>(5,537,570)</b>	<b>(5,359,925)</b>	<b>177,645</b>	
Indirect Expenditure	351,000	284,574	(66,426)	
<b>Net (Income)/Expenditure</b>	<b>(5,186,570)</b>	<b>(5,075,351)</b>	<b>111,219</b>	

**COMMUNITY SERVICES**

**Revised Budget                      Projected Outturn                      Variance**

**LICENSING SERVICES**

Direct Expenditure	226,551	244,968	<b>18,417</b>	Use of agency administrative staff and the vacancy credit have resulted in an overspend of £12,500. Increase in veterinary fees due to the new licencing laws are estimated to be £6,000 above budget.
Income	(170,452)	(170,169)	283	
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>56,099</b>	<b>74,799</b>	<b>18,700</b>	
Indirect Expenditure	73,430	73,518	88	
<b>Net (Income)/Expenditure</b>	<b>129,529</b>	<b>148,317</b>	<b>18,788</b>	

**COMMUNITY MEALS AND TPT**

Direct Expenditure	863,514	825,250	<b>(38,264)</b>	Employee related savings resulting from vacancies.
Income	(275,090)	(281,664)	<b>(6,574)</b>	The Community Transport Scheme grant has been received from Surrey County Council although the budget for this was held centrally.
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>588,424</b>	<b>543,586</b>	<b>(44,838)</b>	
Indirect Expenditure	75,640	75,696	56	
<b>Net (Income)/Expenditure</b>	<b>664,064</b>	<b>619,282</b>	<b>(44,782)</b>	

**OFFICE SERVICES TEAM**

Direct Expenditure	1,633,400	1,654,934	<b>21,534</b>	Contribution towards installation of LED lighting at Millmead funded from Energy Management Reserve.
Income	(2,151,700)	(2,089,333)	<b>62,367</b>	The target for income generated from the lease of office space in Millmead House to external organisations will not be met in full in 2018-19.
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>(518,300)</b>	<b>(434,399)</b>	<b>83,901</b>	
Indirect Expenditure	573,570	574,901	1,331	
<b>Net (Income)/Expenditure</b>	<b>55,270</b>	<b>140,502</b>	<b>85,232</b>	

**HOUSING OUTSIDE THE HRA**

Direct Expenditure	3,650	13,594	<b>9,944</b>	Additional charges due to vacant properties.
Income	(24,940)	(21,899)	3,041	
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>(21,290)</b>	<b>(8,305)</b>	<b>12,985</b>	
Indirect Expenditure	47,920	51,668	3,748	
<b>Net (Income)/Expenditure</b>	<b>26,630</b>	<b>43,363</b>	<b>16,733</b>	

COMMUNITY SERVICES	Revised Budget	Projected Outturn	Variance
<b>OTHER PROPERTY</b>			
Direct Expenditure	88,850	218,100	129,250
Income	(358,160)	(689,747)	(331,587)
			A net improvement of £211,000 materially results from the acquisition of the Multiplex Bedford Road site. Rental income increases whilst one-off and ongoing maintenance costs are included together with business rates and security costs for the vacant Old Orleans building. Security costs for Tyting farm will continue throughout this financial year.
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>(269,310)</b>	<b>(471,647)</b>	<b>(202,337)</b>
Indirect Expenditure	327,310	314,674	(12,636)
<b>Net (Income)/Expenditure</b>	<b>58,000</b>	<b>(156,973)</b>	<b>(214,973)</b>
<b>PEST CONTROL</b>			
Direct Expenditure	61,820	56,272	(5,548)
			Anticipated reduction in payment to contractors for the Pest Control service.
Income	(62,000)	(60,924)	1,076
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>(180)</b>	<b>(4,652)</b>	<b>(4,472)</b>
Indirect Expenditure	11,350	11,390	40
<b>Net (Income)/Expenditure</b>	<b>11,170</b>	<b>6,738</b>	<b>(4,432)</b>
<b>PRIVATE SECTOR HOUSING</b>			
Direct Expenditure	567,711	717,376	149,665
			The cost of a co-ordinator was not included in the 2018-19 estimates. The increase in agency staff for both the Care and Repair Team and the Private Sector Housing service will be funded from additional income shown below.
Income	(258,200)	(413,746)	(155,546)
			See above.
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>309,511</b>	<b>303,630</b>	<b>(5,881)</b>
Indirect Expenditure	724,540	724,604	64
<b>Net (Income)/Expenditure</b>	<b>1,034,051</b>	<b>1,028,234</b>	<b>(5,817)</b>
<b>PROJECT ASPIRE</b>			
Direct Expenditure	0	17,901	17,901
			The cost of Project Aspire is funded from reserve.
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>0</b>	<b>17,901</b>	<b>17,901</b>
<b>Net (Income)/Expenditure</b>	<b>0</b>	<b>17,901</b>	<b>17,901</b>
<b>PUBLIC HEALTH</b>			
Direct Expenditure	83,680	85,323	1,643
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>83,680</b>	<b>85,323</b>	<b>1,643</b>
Indirect Expenditure	7,470	7,494	24
<b>Net (Income)/Expenditure</b>	<b>91,150</b>	<b>92,817</b>	<b>1,667</b>

**COMMUNITY SERVICES**

**Revised Budget                  Projected Outturn                  Variance**

**COMMUNITY WELLBEING**

Direct Expenditure	361,790	307,540	(54,250)
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>361,790</b>	<b>307,540</b>	<b>(54,250)</b>
Indirect Expenditure	39,240	39,272	32
<b>Net (Income)/Expenditure</b>	<b>401,030</b>	<b>346,812</b>	<b>(54,218)</b>

Vacancies resulting in salary savings.

**TAXI LICENSING AND PRIVATE HIRE VEHICLES**

Direct Expenditure	164,061	166,771	2,710
Income	(169,500)	(186,101)	(16,601)
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>(5,439)</b>	<b>(19,330)</b>	<b>(13,891)</b>
Indirect Expenditure	58,990	59,153	163
<b>Net (Income)/Expenditure</b>	<b>53,551</b>	<b>39,823</b>	<b>(13,728)</b>

It is currently assumed that the carry forward for Taxi Rank Maintenance from 2017-18 totalling £16,600 will not be required as a result of wider considerations linked to the Town Centre redevelopment.

Legal costs recovered (expenditure incurred in 2017-18)

**WOKING ROAD DEPOT STORES**

Direct Expenditure	75,910	80,608	4,698
Income	(93,550)	(98,264)	(4,714)
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>(17,640)</b>	<b>(17,656)</b>	<b>(16)</b>
Indirect Expenditure	17,580	17,596	16
<b>Net (Income)/Expenditure</b>	<b>(60)</b>	<b>(60)</b>	<b>0</b>

ENVIRONMENT	Revised Budget	Projected Outturn	Variance
-------------	----------------	-------------------	----------

<b>SERVICE SUMMARY</b>			
Direct Expenditure	30,173,115	32,189,601	2,016,486
Income	(28,225,119)	(29,617,390)	(1,392,271)
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>1,947,996</b>	<b>2,572,211</b>	<b>624,215</b>
Indirect Expenditure	10,813,630	10,791,091	(22,539)
<b>Net (Income)/Expenditure</b>	<b>12,761,626</b>	<b>13,363,302</b>	<b>601,676</b>

#### ABANDONED VEHICLES

Direct Expenditure	35,730	36,121	391
Income	0	(237)	(237)
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>35,730</b>	<b>35,884</b>	<b>154</b>
Indirect Expenditure	3,280	3,312	32
<b>Net (Income)/Expenditure</b>	<b>39,010</b>	<b>39,196</b>	<b>186</b>

#### BUSINESS FORUM

Direct Expenditure	26,270	40,308	14,038
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>26,270</b>	<b>40,308</b>	<b>14,038</b>
Indirect Expenditure	1,000	1,008	8
<b>Net (Income)/Expenditure</b>	<b>27,270</b>	<b>41,316</b>	<b>14,046</b>

#### CCTV SYSTEMS

Direct Expenditure	80,270	80,219	(51)
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>80,270</b>	<b>80,219</b>	<b>(51)</b>
Indirect Expenditure	22,470	25,374	2,904
<b>Net (Income)/Expenditure</b>	<b>102,740</b>	<b>105,593</b>	<b>2,853</b>

#### CEMETERIES AND CLOSED CHURCHYARDS

Direct Expenditure	275,650	314,426	38,776	Increase in casual staff, vacancy credit which will not be met plus changes in salary allocations total £32,000. Property Services works for reactive repairs total £7,100, the budget is held centrally within Asset Development.
Income	(73,900)	(75,839)	(1,939)	
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>201,750</b>	<b>238,587</b>	<b>36,837</b>	
Indirect Expenditure	62,570	65,624	3,054	
<b>Net (Income)/Expenditure</b>	<b>264,320</b>	<b>304,211</b>	<b>39,891</b>	

**ENVIRONMENT**

**CLINICAL WASTE**

	Revised Budget	Projected Outturn	Variance
Direct Expenditure	2,420	6,944	4,524
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>2,420</b>	<b>6,944</b>	<b>4,524</b>
Indirect Expenditure	1,260	1,260	0
<b>Net (Income)/Expenditure</b>	<b>3,680</b>	<b>8,204</b>	<b>4,524</b>

**CREMATORIUM**

Direct Expenditure	843,330	717,842	(125,488)	Staffing resources previously allocated as a result of a growth bid remain uncommitted pending further consideration of the service staffing structure.
Income	(702,650)	(998,190)	(295,540)	Cremation fees are higher than anticipated for the period as a result in changes to the capital scheme timeline.
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>140,680</b>	<b>(280,348)</b>	<b>(421,028)</b>	
Indirect Expenditure	394,050	393,267	(783)	
<b>Net (Income)/Expenditure</b>	<b>534,730</b>	<b>112,919</b>	<b>(421,811)</b>	

**ELECTRIC THEATRE**

Direct Expenditure	0	1,111	1,111
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>0</b>	<b>1,111</b>	<b>1,111</b>
<b>Net (Income)/Expenditure</b>	<b>0</b>	<b>1,111</b>	<b>1,111</b>

**FLEET MANAGEMENT SERVICE**

Direct Expenditure	1,096,279	1,085,203	(11,076)	Vehicle insurance is £35,600 less than budgeted as is vehicle hire but this is offset by increases in maintenance agreements and employee related expenditure due to overtime.
Income	(3,030,860)	(3,033,550)	(2,690)	
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>(1,934,581)</b>	<b>(1,948,347)</b>	<b>(13,766)</b>	
Indirect Expenditure	1,936,960	1,937,376	416	
<b>Net (Income)/Expenditure</b>	<b>2,379</b>	<b>(10,971)</b>	<b>(13,350)</b>	



ENVIRONMENT	Revised Budget	Projected Outturn	Variance
<b>LEGAL SERVICES</b>			
Direct Expenditure	1,110,770	1,481,450	370,680
			Additional external legal expenses have been incurred as a result of work involved in the local plan and more resources required to support momentum in the major capital projects. Employment expenditure exceeds budget due to the higher cost of temporary staff employed to cover vacancies. The budget held for legal services own procurement of barristers will not be used in 2018-19.
Income	(1,269,710)	(1,618,969)	(349,259)
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>(158,940)</b>	<b>(137,519)</b>	<b>21,421</b>
Indirect Expenditure	151,340	151,412	72
<b>Net (Income)/Expenditure</b>	<b>(7,600)</b>	<b>13,893</b>	<b>21,493</b>
<b>ENGINEERING AND TRANSPORT SERVICES</b>			
Direct Expenditure	361,390	302,674	(58,716)
Income	(421,900)	(375,811)	46,089
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>(60,510)</b>	<b>(73,137)</b>	<b>(12,627)</b>
Indirect Expenditure	61,260	61,284	24
<b>Net (Income)/Expenditure</b>	<b>750</b>	<b>(11,853)</b>	<b>(12,603)</b>
<b>GUILDFORD HOUSE</b>			
Direct Expenditure	389,447	394,283	4,836
Income	(70,630)	(79,525)	(8,895)
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>318,817</b>	<b>314,758</b>	<b>(4,059)</b>
Indirect Expenditure	106,550	91,922	(14,628)
<b>Net (Income)/Expenditure</b>	<b>425,367</b>	<b>406,680</b>	<b>(18,687)</b>
<b>GUILDHALL</b>			
Direct Expenditure	118,440	152,503	34,063
			Agency staff expenditure for Caretaker not budgeted for this year - estimated additional cost of £22,400.
Income	(34,800)	(34,644)	156
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>83,640</b>	<b>117,859</b>	<b>34,219</b>
Indirect Expenditure	50,920	45,752	(5,168)
<b>Net (Income)/Expenditure</b>	<b>134,560</b>	<b>163,611</b>	<b>29,051</b>

ENVIRONMENT	Revised Budget	Projected Outturn	Variance
<b>INFORMATION RIGHTS OFFICER</b>			
Direct Expenditure	63,740	67,829	4,089
Income	(69,160)	(69,176)	(16)
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>(5,420)</b>	<b>(1,347)</b>	<b>4,073</b>
Indirect Expenditure	5,300	5,316	16
<b>Net (Income)/Expenditure</b>	<b>(120)</b>	<b>3,969</b>	<b>4,089</b>
<b>LAND DRAINAGE</b>			
Direct Expenditure	156,200	111,316	(44,884) Land drainage is currently anticipated to be lower than budgeted.
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>156,200</b>	<b>111,316</b>	<b>(44,884)</b>
Indirect Expenditure	307,830	293,353	(14,477)
<b>Net (Income)/Expenditure</b>	<b>464,030</b>	<b>404,669</b>	<b>(59,361)</b>
<b>LEISURE ART DEVELOPMENT</b>			
Direct Expenditure	80,960	84,364	3,404
Income	0	(765)	(765)
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>80,960</b>	<b>83,599</b>	<b>2,639</b>
Indirect Expenditure	18,220	18,252	32
<b>Net (Income)/Expenditure</b>	<b>99,180</b>	<b>101,851</b>	<b>2,671</b>
<b>LEISURE COMMUNITY CENTRES</b>			
Direct Expenditure	70,220	77,728	7,508 The increased expenditure relates to property services works as the budget is currently held centrally.
Income	(1,440)	(6,451)	(5,011)
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>68,780</b>	<b>71,277</b>	<b>2,497</b>
Indirect Expenditure	89,870	90,415	545
<b>Net (Income)/Expenditure</b>	<b>158,650</b>	<b>161,692</b>	<b>3,042</b>
<b>LEISURE G LIVE</b>			
Direct Expenditure	396,510	402,835	6,325
Income	(37,880)	(81,888)	(44,008) Increase in management fee income for 2017-18 (paid in 2018-19)
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>358,630</b>	<b>320,947</b>	<b>(37,683)</b>
Indirect Expenditure	932,000	932,272	272
<b>Net (Income)/Expenditure</b>	<b>1,290,630</b>	<b>1,253,219</b>	<b>(37,411)</b>

ENVIRONMENT	Revised Budget	Projected Outturn	Variance
<b>LEISURE GRANTS</b>			
Direct Expenditure	452,510	453,046	536
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>452,510</b>	<b>453,046</b>	<b>536</b>
Indirect Expenditure	8,690	8,722	32
<b>Net (Income)/Expenditure</b>	<b>461,200</b>	<b>461,768</b>	<b>568</b>
<b>LEISURE MANAGEMENT CONTRACT</b>			
Direct Expenditure	1,212,090	1,422,406	210,316
			Increased salary costs due to job evaluation and the vacancy credit saving £14,410. Increased utility charges against estimate £232,670 partly offset by additional income £30,000. This has resulted due to changes in the Carbon Reduction Commission (CRC) scheme. Consultant advice relating to Ash Manor Roof repairs are currently £12,820.
Income	(1,945,490)	(1,974,002)	(28,512)
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>(733,400)</b>	<b>(551,596)</b>	<b>181,804</b>
Indirect Expenditure	1,664,060	1,668,718	4,658
<b>Net (Income)/Expenditure</b>	<b>930,660</b>	<b>1,117,122</b>	<b>186,462</b>
<b>LEISURE PLAY DEVELOPMENT</b>			
Direct Expenditure	218,590	226,249	7,659
Income	(29,360)	(53,410)	(24,050)
			Higher than budgeted income from FISH as a 98% participation rate was achieved this year.
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>189,230</b>	<b>172,839</b>	<b>(16,391)</b>
Indirect Expenditure	22,240	22,272	32
<b>Net (Income)/Expenditure</b>	<b>211,470</b>	<b>195,111</b>	<b>(16,359)</b>
<b>LEISURE RANGERS</b>			
Direct Expenditure	223,000	219,237	(3,763)
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>223,000</b>	<b>219,237</b>	<b>(3,763)</b>
Indirect Expenditure	9,930	9,938	8
<b>Net (Income)/Expenditure</b>	<b>232,930</b>	<b>229,175</b>	<b>(3,755)</b>

**ENVIRONMENT**

**Revised Budget      Projected Outturn      Variance**

**LEISURE SPORT DEVELOPMENT**

Direct Expenditure	71,980	82,537	<b>10,557</b>	Increase in salary costs relating to the current intern who left in August and was not funded from the Corporate scheme. The replacement intern will be funded from the Corporate scheme.
--------------------	--------	--------	---------------	---

Income	(4,000)	(1,560)	2,440
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>67,980</b>	<b>80,977</b>	<b>12,997</b>
Indirect Expenditure	13,330	13,346	16
<b>Net (Income)/Expenditure</b>	<b>81,310</b>	<b>94,323</b>	<b>13,013</b>

**MARKETS**

Direct Expenditure	60,940	56,242	(4,698)
Income	(175,630)	(164,394)	11,236
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>(114,690)</b>	<b>(108,152)</b>	<b>6,538</b>
Indirect Expenditure	7,090	7,114	24
<b>Net (Income)/Expenditure</b>	<b>(107,600)</b>	<b>(101,038)</b>	<b>6,562</b>

**MOT BAY**

Direct Expenditure	120,640	135,240	14,600
Income	(169,580)	(156,863)	12,717
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>(48,940)</b>	<b>(21,623)</b>	<b>27,317</b>
Indirect Expenditure	24,140	24,148	8
<b>Net (Income)/Expenditure</b>	<b>(24,800)</b>	<b>2,525</b>	<b>27,325</b>

**GUILDFORD MUSEUM**

Direct Expenditure	465,060	562,355	<b>97,295</b>	Employee related expenditure resulting from the appointment of an Engagement Officer which was not a substantive post in the 2018-19 estimate. Salary costs reflecting changes to the management structure of heritage.
--------------------	---------	---------	---------------	---

Income	(52,630)	(53,964)	(1,334)
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>412,430</b>	<b>508,391</b>	<b>95,961</b>
Indirect Expenditure	132,060	139,910	7,850
<b>Net (Income)/Expenditure</b>	<b>544,490</b>	<b>648,301</b>	<b>103,811</b>

ENVIRONMENT	Revised Budget	Projected Outturn	Variance
<b>OFF STREET PARKING</b>			
Direct Expenditure	4,838,730	5,031,104	192,374 There are some salary savings due to vacancies. The planned works programme funded from the Car Parks Maintenance Reserve (CPMR) is expected to be £156,500 higher than the original budgetary assumption. The upgrade to the Pay and Display machines totalling £51,500 will be met from the CPMR as will £55,000 for new Pay and Display at Bedford Road.
Income	(10,858,680)	(10,766,063)	92,617 Lower than budgeted levels of income are projected at Farnham Road and Leapale Road MSCP.
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>(6,019,950)</b>	<b>(5,734,959)</b>	<b>284,991</b>
Indirect Expenditure	1,764,830	1,753,062	(11,768)
<b>Net (Income)/Expenditure</b>	<b>(4,255,120)</b>	<b>(3,981,897)</b>	<b>273,223</b>
<b>ON STREET PARKING</b>			
Direct Expenditure	1,188,540	1,309,385	120,845 The new on-street agency agreement requires a payment of 20% of Guildford on-street net income to SCC; this was signed off after the 2018-19 budget setting process. There are salary savings due to vacancies. £37,400 will be spent on a parking study funded from CPMR. Guildford on-street income is below budget due in part to parking bays no longer available at Tunsgate and Castle Street.
Income	(1,948,600)	(1,893,269)	55,331
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>(760,060)</b>	<b>(583,884)</b>	<b>176,176</b>
Indirect Expenditure	85,730	85,746	16
<b>Net (Income)/Expenditure</b>	<b>(674,330)</b>	<b>(498,138)</b>	<b>176,192</b>
<b>ORDNANCE SURVEY AND MAPPING SERVICES</b>			
Direct Expenditure	3,540	6,184	2,644
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>3,540</b>	<b>6,184</b>	<b>2,644</b>
Indirect Expenditure	10,830	6,413	(4,417)
<b>Net (Income)/Expenditure</b>	<b>14,370</b>	<b>12,597</b>	<b>(1,773)</b>

ENVIRONMENT	Revised Budget	Projected Outturn	Variance
<b>PARKS AND COUNTRYSIDE</b>			
Direct Expenditure	3,954,875	4,153,414	198,539 Vacant posts are being used to fund the use of casual staff and contractors. Additional property services works total £64,000 plus an additional £22,000 for reactive repairs and vandalism, the budget for these costs is held centrally. Estimated traveller incursions costs £27,000.
Income	(1,292,575)	(1,383,787)	(91,212) Increase in income from chargeable grounds maintenance works £139,000, offset by a reduction in rental income against the assumption included in the estimate in respect of the Burchatts Barn lease.
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>2,662,300</b>	<b>2,769,627</b>	<b>107,327</b>
Indirect Expenditure	1,262,720	1,269,891	7,171
<b>Net (Income)/Expenditure</b>	<b>3,925,020</b>	<b>4,039,518</b>	<b>114,498</b>
<b>PARK AND RIDE SERVICES</b>			
Direct Expenditure	656,960	721,042	64,082 Site maintenance and security costs are greater than budgeted.
Income	(50,000)	(51,845)	(1,845)
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>606,960</b>	<b>669,197</b>	<b>62,237</b>
Indirect Expenditure	98,790	90,746	(8,044)
<b>Net (Income)/Expenditure</b>	<b>705,750</b>	<b>759,943</b>	<b>54,193</b>
<b>PROCUREMENT</b>			
Direct Expenditure	91,670	97,154	5,484
Income	(96,700)	(96,724)	(24)
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>(5,030)</b>	<b>430</b>	<b>5,460</b>
Indirect Expenditure	15,880	15,904	24
<b>Net (Income)/Expenditure</b>	<b>10,850</b>	<b>16,334</b>	<b>5,484</b>
<b>PUBLIC CONVENIENCES</b>			
Direct Expenditure	228,900	219,246	(9,654)
Income	(12,480)	(12,032)	448
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>216,420</b>	<b>207,214</b>	<b>(9,206)</b>
Indirect Expenditure	78,350	72,575	(5,775)
<b>Net (Income)/Expenditure</b>	<b>294,770</b>	<b>279,789</b>	<b>(14,981)</b>

ENVIRONMENT	Revised Budget	Projected Outturn	Variance
<b>REFUSE AND RECYCLING</b>			
Direct Expenditure	6,434,645	7,237,040	802,395 Additional gate fee costs relating to the disposal of co-mingled recyclate totalling £300,000 will be met from the recycling equalisation reserve (linked to presentation of income) After a period of significantly improved sickness the service has experienced a couple of long term cases resulting in the need for greater agency backfill. Fuel costs are higher than expected and computer software costs are £46,790 more than budgeted although it is anticipated that £20,000, which relates to the configuration and implementation of Goss Bartec, will be met from the IT Renewals reserve.
Income	(3,563,580)	(3,875,625)	(312,045) Subscriptions to the green waste services are anticipated to exceed budget by £31,000.
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>2,871,065</b>	<b>3,361,415</b>	<b>490,350</b>
Indirect Expenditure	756,690	766,433	9,743
<b>Net (Income)/Expenditure</b>	<b>3,627,755</b>	<b>4,127,848</b>	<b>500,093</b>
<b>RIVER CONTROL</b>			
Direct Expenditure	31,360	30,264	(1,096)
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>31,360</b>	<b>30,264</b>	<b>(1,096)</b>
Indirect Expenditure	10,730	8,684	(2,046)
<b>Net (Income)/Expenditure</b>	<b>42,090</b>	<b>38,948</b>	<b>(3,142)</b>
<b>ROADS AND FOOTPATHS MAINTENANCE</b>			
Direct Expenditure	37,990	35,575	(2,415)
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>37,990</b>	<b>35,575</b>	<b>(2,415)</b>
Indirect Expenditure	60,090	67,340	7,250
<b>Net (Income)/Expenditure</b>	<b>98,080</b>	<b>102,915</b>	<b>4,835</b>
<b>SNOW AND ICE PLAN HOLDING ACCOUNT</b>			
Direct Expenditure	53,420	43,408	(10,012)
Income	(45,080)	(45,080)	0
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>8,340</b>	<b>(1,672)</b>	<b>(10,012)</b>
Indirect Expenditure	1,140	667	(473)
<b>Net (Income)/Expenditure</b>	<b>9,480</b>	<b>(1,005)</b>	<b>(10,485)</b>

ENVIRONMENT	Revised Budget	Projected Outturn	Variance	
<b>SPA SITES</b>				
Direct Expenditure	105,006	55,322	(49,684)	
Income	(105,006)	(668,867)	(563,861)	SPA income for the future development and maintenance of green spaces is projected to exceed budget by £613,545. 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.
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>0</b>	<b>(613,545)</b>	<b>(613,545)</b>	
<b>Net (Income)/Expenditure</b>	<b>0</b>	<b>(613,545)</b>	<b>(613,545)</b>	
<b>STREET CLEANSING</b>				
Direct Expenditure	2,393,478	2,251,673	(141,805)	There are salary savings due to vacancies and a restructuring of the service.
Income	(145,358)	(151,661)	(6,303)	
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>2,248,120</b>	<b>2,100,012</b>	<b>(148,108)</b>	
Indirect Expenditure	176,850	176,922	72	
<b>Net (Income)/Expenditure</b>	<b>2,424,970</b>	<b>2,276,934</b>	<b>(148,036)</b>	
<b>STREET FURNITURE</b>				
Direct Expenditure	81,910	75,214	(6,696)	
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>81,910</b>	<b>75,214</b>	<b>(6,696)</b>	
Indirect Expenditure	8,280	13,620	5,340	
<b>Net (Income)/Expenditure</b>	<b>90,190</b>	<b>88,834</b>	<b>(1,356)</b>	
<b>TOURIST INFORMATION CENTRE</b>				
Direct Expenditure	255,330	285,524	30,194	
Income	(51,290)	(59,910)	(8,620)	
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>204,040</b>	<b>225,614</b>	<b>21,574</b>	
Indirect Expenditure	32,900	32,916	16	
<b>Net (Income)/Expenditure</b>	<b>236,940</b>	<b>258,530</b>	<b>21,590</b>	
<b>BUSINESS AND TOURISM</b>				
Direct Expenditure	550,735	588,409	37,674	
Income	(152,950)	(128,134)	24,816	
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>397,785</b>	<b>460,275</b>	<b>62,490</b>	
Indirect Expenditure	83,660	82,504	(1,156)	
<b>Net (Income)/Expenditure</b>	<b>481,445</b>	<b>542,779</b>	<b>61,334</b>	



**ENVIRONMENT**

	Revised Budget	Projected Outturn	Variance
--	----------------	-------------------	----------

**TOWN CENTRE MANAGEMENT**

Direct Expenditure	95,264	97,680	2,416	
Income	(269,950)	(66,274)	203,676	Miscellaneous income will not be received this year as the public Wi-Fi concession has been delayed and delivery is now expected in Spring 2019. This is due to the time taken for permission to be granted coupled with the subsequent procurement process and due diligence checks. Sponsorship income is lower than budget and it will take time to build to the levels forecast in the 2018-19 budget. Four sponsors have been attracted so far and further partners and initiatives are planned over time to build to a sustainable level.

<b>Total Directly Controllable (Income)/Expenditure</b>	<b>(174,686)</b>	<b>31,406</b>	<b>206,092</b>	
Indirect Expenditure	19,420	19,468	48	
<b>Net (Income)/Expenditure</b>	<b>(155,266)</b>	<b>50,874</b>	<b>206,140</b>	

**TRANSPORTATION**

Direct Expenditure	9,010	15,975	6,965	
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>9,010</b>	<b>15,975</b>	<b>6,965</b>	
Indirect Expenditure	6,020	6,186	166	
<b>Net (Income)/Expenditure</b>	<b>15,030</b>	<b>22,161</b>	<b>7,131</b>	

**VEHICLE MAINTENANCE WORKSHOP**

Direct Expenditure	706,280	811,250	104,970	Increased expenditure on salaries and parts will be recovered through the recharge to other services.
Income	(781,650)	(886,852)	(105,202)	
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>(75,370)</b>	<b>(75,602)</b>	<b>(232)</b>	
Indirect Expenditure	53,950	53,982	32	
<b>Net (Income)/Expenditure</b>	<b>(21,420)</b>	<b>(21,620)</b>	<b>(200)</b>	

**THE VILLAGE**

Direct Expenditure	0	18,034	18,034	
Income	0	(400)	(400)	
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>0</b>	<b>17,634</b>	<b>17,634</b>	
Indirect Expenditure	0	150	150	
<b>Net (Income)/Expenditure</b>	<b>0</b>	<b>17,784</b>	<b>17,784</b>	

**ENVIRONMENT**

**Revised Budget      Projected Outturn      Variance**

**WOKING ROAD DEPOT**

Direct Expenditure	436,946	490,592	53,646	Use of agency staff and repair and maintenance costs.
Income	(573,380)	(563,361)	10,019	Vending machine sales.
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>(136,434)</b>	<b>(72,769)</b>	<b>63,665</b>	
Indirect Expenditure	201,130	197,239	(3,891)	
<b>Net (Income)/Expenditure</b>	<b>64,696</b>	<b>124,470</b>	<b>59,774</b>	

**RECYCLING, CLEANSING AND PARKING SERVICES OVERHEAD ACCOUNT**

Direct Expenditure	86,090	101,644	15,554	
Income	(188,220)	(188,268)	(48)	
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>(102,130)</b>	<b>(86,624)</b>	<b>15,506</b>	
Indirect Expenditure	59,220	59,276	56	
<b>Net (Income)/Expenditure</b>	<b>(42,910)</b>	<b>(27,348)</b>	<b>15,562</b>	

<b>FINANCE</b>	<b>Revised Budget</b>	<b>Projected Outturn</b>	<b>Variance</b>
----------------	---------------------------	------------------------------	-----------------

<b>SERVICE SUMMARY</b>			
Direct Expenditure	45,009,521	43,525,566	(1,483,955)
Income	(40,466,260)	(39,793,609)	672,651
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>4,543,261</b>	<b>3,731,957</b>	<b>(811,304)</b>
Indirect Expenditure	3,285,110	3,298,063	12,953
<b>Net (Income)/Expenditure</b>	<b>7,828,371</b>	<b>7,030,020</b>	<b>(798,351)</b>

**ACCESS GROUP FOR GUILDFORD**

Direct Expenditure	1,860	2,824	964
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>1,860</b>	<b>2,824</b>	<b>964</b>
Indirect Expenditure	2,310	2,310	0
<b>Net (Income)/Expenditure</b>	<b>4,170</b>	<b>5,134</b>	<b>964</b>

**ACCOUNTANCY**

Direct Expenditure	814,290	677,693	(136,597)	Vacancies resulting in salary savings and former Head of Service salary allocation.
Income	(936,660)	(936,764)	(104)	
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>(122,370)</b>	<b>(259,071)</b>	<b>(136,701)</b>	
Indirect Expenditure	145,400	145,464	64	
<b>Net (Income)/Expenditure</b>	<b>23,030</b>	<b>(113,607)</b>	<b>(136,637)</b>	

**BUSINESS RATES**

Direct Expenditure	198,152	205,912	7,760
Income	(270,240)	(269,873)	367
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>(72,088)</b>	<b>(63,961)</b>	<b>8,127</b>
Indirect Expenditure	49,850	49,866	16
<b>Net (Income)/Expenditure</b>	<b>(22,238)</b>	<b>(14,095)</b>	<b>8,143</b>

**ICT BUSINESS SERVICES TEAM**

Direct Expenditure	413,650	373,179	(40,471)
Income	(502,280)	(502,416)	(136)
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>(88,630)</b>	<b>(129,237)</b>	<b>(40,607)</b>
Indirect Expenditure	68,880	68,920	40
<b>Net (Income)/Expenditure</b>	<b>(19,750)</b>	<b>(60,317)</b>	<b>(40,567)</b>

FINANCE	Revised Budget	Projected Outturn	Variance
<b>CIVIC EXPENSES</b>			
Direct Expenditure	203,140	211,571	8,431
Income	0	(43)	(43)
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>203,140</b>	<b>211,528</b>	<b>8,388</b>
Indirect Expenditure	25,050	25,074	24
<b>Net (Income)/Expenditure</b>	<b>228,190</b>	<b>236,602</b>	<b>8,412</b>
<b>COUNCIL AND COMMITTEE SUPPORT</b>			
Direct Expenditure	195,649	188,133	(7,516)
Income	(37,620)	(37,620)	0
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>158,029</b>	<b>150,513</b>	<b>(7,516)</b>
Indirect Expenditure	246,370	246,370	0
<b>Net (Income)/Expenditure</b>	<b>404,399</b>	<b>396,883</b>	<b>(7,516)</b>
<b>CORPORATE FINANCIAL</b>			
Direct Expenditure	191,499	170,410	(21,089) Lower than anticipated Broker Fees and Consultants expenditure.
Income	(160,590)	(160,590)	0
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>30,909</b>	<b>9,820</b>	<b>(21,089)</b>
Indirect Expenditure	263,850	263,962	112
<b>Net (Income)/Expenditure</b>	<b>294,759</b>	<b>273,782</b>	<b>(20,977)</b>
<b>CORPORATE SERVICES</b>			
Direct Expenditure	607,168	647,667	40,499 Increasing usage of debit and credit card payment facilities have led to a 21% increase in charges compared with last year and this is forecast to continue for the rest of the year.
Income	(106,970)	(107,213)	(243)
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>500,198</b>	<b>540,454</b>	<b>40,256</b>
Indirect Expenditure	501,540	504,479	2,939
<b>Net (Income)/Expenditure</b>	<b>1,001,738</b>	<b>1,044,933</b>	<b>43,195</b>
<b>COMMITTEE SERVICES</b>			
Direct Expenditure	177,620	163,432	(14,188)
Income	(221,730)	(221,794)	(64)
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>(44,110)</b>	<b>(58,362)</b>	<b>(14,252)</b>
Indirect Expenditure	43,700	43,716	16
<b>Net (Income)/Expenditure</b>	<b>(410)</b>	<b>(14,646)</b>	<b>(14,236)</b>

FINANCE	Revised Budget	Projected Outturn	Variance
<b>COUNCIL TAX</b>			
Direct Expenditure	686,411	623,316	(63,095)
			There have been a significant number of vacancies throughout 2018-19 and agency staff have only been engaged since August. Four temporary staff will be used to cover 5.5 FTE vacancies.
Income	(300,000)	(280,000)	20,000
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>386,411</b>	<b>343,316</b>	<b>(43,095)</b>
Indirect Expenditure	179,740	179,788	48
<b>Net (Income)/Expenditure</b>	<b>566,151</b>	<b>523,104</b>	<b>(43,047)</b>
<b>ICT CUSTOMER TECHNICAL SUPPORT</b>			
Direct Expenditure	0	3	3
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>0</b>	<b>3</b>	<b>3</b>
<b>Net (Income)/Expenditure</b>	<b>0</b>	<b>3</b>	<b>3</b>
<b>DEMOCRATIC REPRESENTATION AND MANAGEMENT</b>			
Direct Expenditure	686,970	680,187	(6,783)
Income	(107,890)	(107,890)	0
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>579,080</b>	<b>572,297</b>	<b>(6,783)</b>
Indirect Expenditure	329,890	330,034	144
<b>Net (Income)/Expenditure</b>	<b>908,970</b>	<b>902,331</b>	<b>(6,639)</b>
<b>ELECTIONS</b>			
Direct Expenditure	80,780	74,743	(6,037)
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>80,780</b>	<b>74,743</b>	<b>(6,037)</b>
Indirect Expenditure	18,510	18,566	56
<b>Net (Income)/Expenditure</b>	<b>99,290</b>	<b>93,309</b>	<b>(5,981)</b>
<b>ELECTORAL REGISTRATION</b>			
Direct Expenditure	346,190	268,593	(77,597)
			It is currently assumed that only £20,000 of the £80,000 carry forward for Electoral Registration fees will be used although there may be a further requirement in 2019-20.
Income	(3,090)	(26,622)	(23,532)
			An unbudgeted electoral registration grant has been received.
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>343,100</b>	<b>241,971</b>	<b>(101,129)</b>
Indirect Expenditure	41,320	43,261	1,941
<b>Net (Income)/Expenditure</b>	<b>384,420</b>	<b>285,232</b>	<b>(99,188)</b>

FINANCE	Revised Budget	Projected Outturn	Variance	
<b>FEASIBILITY STUDIES</b>				
Direct Expenditure	340,000	107,680	(232,320)	It is not currently anticipated that the feasibility budget will be fully committed in 2018-19.
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>340,000</b>	<b>107,680</b>	<b>(232,320)</b>	
Indirect Expenditure	220	8,841	8,621	
<b>Net (Income)/Expenditure</b>	<b>340,220</b>	<b>116,521</b>	<b>(223,699)</b>	
<b>DEBTORS</b>				
Direct Expenditure	162,880	167,114	4,234	
Income	(210,200)	(211,790)	(1,590)	
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>(47,320)</b>	<b>(44,676)</b>	<b>2,644</b>	
Indirect Expenditure	49,930	49,954	24	
<b>Net (Income)/Expenditure</b>	<b>2,610</b>	<b>5,278</b>	<b>2,668</b>	
<b>HOUSING BENEFITS</b>				
Direct Expenditure	33,565,827	32,991,181	(574,646)	Variation in the claimant numbers and expenditure. This is reflected in the corresponding variation in costs recovered from Department for Work and Pensions.
Income	(33,474,320)	(32,841,469)	632,851	
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>91,507</b>	<b>149,712</b>	<b>58,205</b>	
Indirect Expenditure	217,130	216,450	(680)	
<b>Net (Income)/Expenditure</b>	<b>308,637</b>	<b>366,162</b>	<b>57,525</b>	
<b>INSURANCE REVENUE ACCOUNT</b>				
Direct Expenditure	1,068,540	1,051,202	(17,338)	
Income	(1,069,440)	(1,059,330)	10,110	
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>(900)</b>	<b>(8,128)</b>	<b>(7,228)</b>	
Indirect Expenditure	6,530	6,530	0	
<b>Net (Income)/Expenditure</b>	<b>5,630</b>	<b>(1,598)</b>	<b>(7,228)</b>	
<b>IT RENEWALS REVENUE ACCOUNT</b>				
Income	(602,150)	(598,430)	3,720	
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>(602,150)</b>	<b>(598,430)</b>	<b>3,720</b>	
Indirect Expenditure	487,950	488,014	64	
<b>Net (Income)/Expenditure</b>	<b>(114,200)</b>	<b>(110,416)</b>	<b>3,784</b>	

**FINANCE**

**Revised Budget      Projected Outturn      Variance**

**MANAGEMENT POLICY STRATEGY**

Direct Expenditure	273,430	280,552	7,122
Income	(284,890)	(284,970)	(80)
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>(11,460)</b>	<b>(4,418)</b>	<b>7,042</b>
Indirect Expenditure	20,760	20,740	(20)
<b>Net (Income)/Expenditure</b>	<b>9,300</b>	<b>16,322</b>	<b>7,022</b>

**MISCELLANEOUS ITEMS**

Direct Expenditure	365,283	149,025	(216,258) Removal of inflation allowance.
Income	(8,550)	(11,628)	(3,078)
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>356,733</b>	<b>137,397</b>	<b>(219,336)</b>
Indirect Expenditure	360	360	0
<b>Net (Income)/Expenditure</b>	<b>357,093</b>	<b>137,757</b>	<b>(219,336)</b>

**OPERATIONS TECHNICAL SERVICES**

Direct Expenditure	1,238,440	1,287,121	48,681 Redundancy and consultancy costs have been incurred in the process of restructuring the service; provision has been made for these costs in the invest to save reserve.
Income	(1,271,050)	(1,237,853)	33,197 Street Naming income will not be received this year due to the requirement to conclude a consultation process prior to implementation of charging.
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>(32,610)</b>	<b>49,268</b>	<b>81,878</b>
Indirect Expenditure	145,350	144,870	(480)
<b>Net (Income)/Expenditure</b>	<b>112,740</b>	<b>194,138</b>	<b>81,398</b>

**PARISH AND LOCAL LIAISON**

Direct Expenditure	201,900	203,744	1,844
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>201,900</b>	<b>203,744</b>	<b>1,844</b>
Indirect Expenditure	205,920	205,928	8
<b>Net (Income)/Expenditure</b>	<b>407,820</b>	<b>409,672</b>	<b>1,852</b>

**EPAYMENTS AND PAYROLL**

Direct Expenditure	430,917	413,517	(17,400)
Income	(693,240)	(691,828)	1,412
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>(262,323)</b>	<b>(278,311)</b>	<b>(15,988)</b>
Indirect Expenditure	166,840	166,928	88
<b>Net (Income)/Expenditure</b>	<b>(95,483)</b>	<b>(111,383)</b>	<b>(15,900)</b>

**FINANCE**

**Revised Budget                  Projected Outturn                  Variance**

**PORTFOLIO MANAGEMENT**

Direct Expenditure	208,470	232,960	24,490	Increased costs required to provide a round the clock service provision and training costs for the service.
Income	(205,350)	(205,486)	(136)	
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>3,120</b>	<b>27,474</b>	<b>24,354</b>	
Indirect Expenditure	31,150	31,046	(104)	
<b>Net (Income)/Expenditure</b>	<b>34,270</b>	<b>58,520</b>	<b>24,250</b>	

**NON DISTRIBUTED COSTS**

Direct Expenditure	2,294,390	2,088,032	(206,358)	Saving arising from variation in the estimate of superannuation back funding.
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>2,294,390</b>	<b>2,088,032</b>	<b>(206,358)</b>	
Indirect Expenditure	360	360	0	
<b>Net (Income)/Expenditure</b>	<b>2,294,750</b>	<b>2,088,392</b>	<b>(206,358)</b>	

**WEBSITE**

Direct Expenditure	251,175	263,652	12,477	
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>251,175</b>	<b>263,652</b>	<b>12,477</b>	
Indirect Expenditure	31,050	31,074	24	
<b>Net (Income)/Expenditure</b>	<b>282,225</b>	<b>294,726</b>	<b>12,501</b>	

**GUILDFORD YOUTH COUNCIL**

Direct Expenditure	4,890	2,123	(2,767)	
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>4,890</b>	<b>2,123</b>	<b>(2,767)</b>	
Indirect Expenditure	5,150	5,158	8	
<b>Net (Income)/Expenditure</b>	<b>10,040</b>	<b>7,281</b>	<b>(2,759)</b>	



MANAGEMENT	Revised Budget	Projected Outturn	Variance
------------	----------------	-------------------	----------

<b>SERVICE SUMMARY</b>			
Direct Expenditure	1,668,720	1,854,520	185,800
Income	(1,544,630)	(1,541,930)	2,700
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>124,090</b>	<b>312,590</b>	<b>188,500</b>
Indirect Expenditure	299,270	300,134	864
<b>Net (Income)/Expenditure</b>	<b>423,360</b>	<b>612,724</b>	<b>189,364</b>

#### COMMUNITY DEVELOPMENT

Direct Expenditure	307,185	266,191	(40,994)	Savings due to delays in spending the Safer Guildford Partnership grant carried forward from 2017-18.
Income	(15,000)	(15,000)	0	
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>292,185</b>	<b>251,191</b>	<b>(40,994)</b>	
Indirect Expenditure	50,640	50,380	(260)	
<b>Net (Income)/Expenditure</b>	<b>342,825</b>	<b>301,571</b>	<b>(41,254)</b>	

#### INTERNAL AUDIT

Direct Expenditure	170,803	179,560	8,757
Income	(358,490)	(358,490)	0
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>(187,687)</b>	<b>(178,930)</b>	<b>8,757</b>
Indirect Expenditure	47,370	47,394	24
<b>Net (Income)/Expenditure</b>	<b>(140,317)</b>	<b>(131,536)</b>	<b>8,781</b>

#### BUSINESS IMPROVEMENT

Direct Expenditure	(3,658)	216,861	220,519	As a mechanism to introduce salary and other savings into the budget arising from the Council wide service transformation programme, they are initially shown in the Business Improvement account. As savings are realised they appear in the service where the saving accrued. However, the budget relating to those savings is vired against this account. The balance on this account at year end will therefore represent unachieved savings.
Income	(293,090)	(293,090)	0	
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>(296,748)</b>	<b>(76,229)</b>	<b>220,519</b>	
Indirect Expenditure	31,960	31,976	16	
<b>Net (Income)/Expenditure</b>	<b>(264,788)</b>	<b>(44,253)</b>	<b>220,535</b>	

**MANAGEMENT**

**Revised Budget      Projected Outturn      Variance**

**FUTURE GUILDFORD**

Direct Expenditure	0	77,000	77,000	Future Guildford costs are being funded from the invest to save reserve.
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>0</b>	<b>77,000</b>	<b>77,000</b>	
<b>Net (Income)/Expenditure</b>	<b>0</b>	<b>77,000</b>	<b>77,000</b>	

**HR SERVICES**

Direct Expenditure	553,240	482,432	(70,808)	A vacant post within the service which has been disestablished for 2019-20.
Income	(643,830)	(643,830)	0	
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>(90,590)</b>	<b>(161,398)</b>	<b>(70,808)</b>	
Indirect Expenditure	92,850	93,846	996	
<b>Net (Income)/Expenditure</b>	<b>2,260</b>	<b>(67,552)</b>	<b>(69,812)</b>	

**OTHER EMPLOYEE COSTS**

Direct Expenditure	299,110	261,351	(37,759)	It is currently anticipated that expenditure on the corporate training budget will be lower than anticipated. A carry forward may be requested at year-end to support training and developments needs arising from Future Guildford.
Income	(227,520)	(227,520)	0	
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>71,590</b>	<b>33,831</b>	<b>(37,759)</b>	
Indirect Expenditure	13,120	13,168	48	
<b>Net (Income)/Expenditure</b>	<b>84,710</b>	<b>46,999</b>	<b>(37,711)</b>	

**PUBLIC RELATIONS AND MARKETING**

Direct Expenditure	342,040	371,125	29,085	The additional salary costs are the result of vacancies being covered by comparatively expensive agency staff.
Income	(6,700)	(4,000)	2,700	
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>335,340</b>	<b>367,125</b>	<b>31,785</b>	
Indirect Expenditure	63,330	63,370	40	
<b>Net (Income)/Expenditure</b>	<b>398,670</b>	<b>430,495</b>	<b>31,825</b>	

**PLANNING AND REGENERATION**

**Revised Budget      Projected Outturn      Variance**

<b>SERVICE SUMMARY</b>			
Direct Expenditure	7,260,544	6,497,444	(763,100)
Income	(2,588,880)	(2,618,249)	(29,369)
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>4,671,664</b>	<b>3,879,195</b>	<b>(792,469)</b>
Indirect Expenditure	2,767,710	2,964,629	196,919
<b>Net (Income)/Expenditure</b>	<b>7,439,374</b>	<b>6,843,824</b>	<b>(595,550)</b>

**BUILDING CONTROL SUMMARY**

Direct Expenditure	782,010	870,091	88,081	Savings from vacancies will no longer cover the cost of Building Control agency workers who are now engaged until the end of the financial year; there are also agency costs to cover long term sickness. Consultants cost are expected to be over budget by £34,600. Only £7,500 of the microfiche scanning carry forward of £30,000 is expected to be spent in 2018-19.
Income	(503,400)	(468,699)	34,701	Building Control fee income is currently anticipated to be £35,000 lower under budget.
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>278,610</b>	<b>401,392</b>	<b>122,782</b>	
Indirect Expenditure	147,110	147,198	88	
<b>Net (Income)/Expenditure</b>	<b>425,720</b>	<b>548,590</b>	<b>122,870</b>	

**CLIMATE CHANGE**

Direct Expenditure	297,090	155,049	(142,041)	Vacant posts have resulted in an underspend, offset by the vacancy credit of £47,000. Reduction in Carbon Allowances charges as the scheme has now finished £86,500. The additional income is due to the charge from Millmead LED lighting, which has a payback figure of 5 years, £41,000 relates to 2 years. Additional income via the Salix Revenue account as this relates to revenue and not Capital £46,000. Both offset by the reversal of the Climate Change recharge as the scheme has now stopped £95,500.
Income	(318,840)	(298,170)	20,670	
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>(21,750)</b>	<b>(143,121)</b>	<b>(121,371)</b>	
Indirect Expenditure	61,490	61,522	32	
<b>Net (Income)/Expenditure</b>	<b>39,740</b>	<b>(81,599)</b>	<b>(121,339)</b>	

**PLANNING AND REGENERATION**

**DEVELOPMENT CONTROL**

	Revised Budget	Projected Outturn	Variance
Direct Expenditure	2,031,380	2,357,113	325,733
			Employee related expenditure is projected to be over budget by £149,100 due to temporary staff, maternity cover for two posts and the new compliance and monitoring officer post. Only £42,500 of the microfiche scanning carry forward of £170,000 will be spent in this financial year. Planning appeal expenses are expected to be higher than budgeted. Planning application fees are expected to fall short of the original budget by £41,500.
Income	(1,508,540)	(1,502,118)	6,422
			The fee increase of 20% introduced in January 2018 should in theory have seen an increase to £1,560,000 but planning fees are currently lower than anticipated.
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>522,840</b>	<b>854,995</b>	<b>332,155</b>
Indirect Expenditure	635,680	638,926	3,246
<b>Net (Income)/Expenditure</b>	<b>1,158,520</b>	<b>1,493,921</b>	<b>335,401</b>

**LOCAL LAND CHARGES**

Direct Expenditure	215,030	219,345	4,315
Income	(256,500)	(263,857)	(7,357)
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>(41,470)</b>	<b>(44,512)</b>	<b>(3,042)</b>
Indirect Expenditure	38,460	38,354	(106)
<b>Net (Income)/Expenditure</b>	<b>(3,010)</b>	<b>(6,158)</b>	<b>(3,148)</b>

**MAJOR PROJECTS**

Direct Expenditure	2,184,630	1,473,427	(711,203)
			Employee related costs are expected to be £109,776 over the revenue budget which takes into account a capital allocation of £285,069. The allocation between revenue and capital will be revised at each monitoring period as the individual projects move from revenue to capital. There is a projected underspend on consultants fees on a number of projects including Guildford West (£146,630), Sustainable Movement Corridor (£100,000), Stoke Park Development (£165,000) and Major Projects (£174,070) which has been partially offset by unbudgeted LEP fees of £26,650.
Income	0	(65,000)	(65,000)
			LEP funding of £65,000 in this financial year has been received and is set against Sustainable Movement Corridor expenditure.
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>2,184,630</b>	<b>1,408,427</b>	<b>(776,203)</b>
Indirect Expenditure	489,010	489,090	80
<b>Net (Income)/Expenditure</b>	<b>2,673,640</b>	<b>1,897,517</b>	<b>(776,123)</b>

**PLANNING AND REGENERATION**

	Revised Budget	Projected Outturn	Variance
<b>POLICY</b>			
Direct Expenditure	1,689,514	1,400,031	(289,483) Consultants and agency costs (excluding Local Plan) will be over budget by £78,300 and are attributable to transport planning, design and conservation. Employee related savings due to vacancies are £179,500. Only £15,100 of the carry forwards will be spent in this financial year due mostly to delays in the Local Plan. The growth bid for the Strategic Design Overview SPD will be spent in 2018-19 but the Infrastructure Delivery Plan will be delayed (£60,000 growth bid). Inspectors fees are projected to be under spent by £25,000 although legal costs relating to the Local Plan are significantly more than anticipated. The reserve for judicial review costs of £300,000 will not be spent in this financial year as a further consultation will most likely take place. A government grant of £20,000 is due in relation to the West Horsley neighbourhood plan.
Income	(1,600)	(20,405)	(18,805) Government grant of £20,000 in relation to the West Horsley neighbourhood plan.
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>1,687,914</b>	<b>1,379,626</b>	<b>(308,288)</b>
Indirect Expenditure	936,350	1,129,905	193,555
<b>Net (Income)/Expenditure</b>	<b>2,624,264</b>	<b>2,509,531</b>	<b>(114,733)</b>
<b>SLYFIELD AREA REGENERATION PROJECT (SARP)</b>			
Direct Expenditure	60,890	22,388	(38,502) It is not currently anticipated that the consultants budget will be committed in 2018-19.
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>60,890</b>	<b>22,388</b>	<b>(38,502)</b>
Indirect Expenditure	459,610	459,634	24
<b>Net (Income)/Expenditure</b>	<b>520,500</b>	<b>482,022</b>	<b>(38,478)</b>

This page is intentionally left blank

HOUSING REVENUE ACCOUNT SUMMARY - BUDGET MONITOR (APRIL 2018 - NOV 2018)

2016-17 Actual £	2017-18 Actual £	Analysis	2018-19 Estimate £	2018-19 Projection £
		<b>Borough Housing Services</b>		
654,594	613,565	Income Collection	695,740	681,302
1,004,169	948,978	Tenants Services	959,890	952,537
71,395	64,128	Tenant Participation	137,940	88,088
68,906	68,808	Garage Management	72,390	67,834
62,795	64,083	Elderly Persons Dwellings	63,930	64,198
489,812	524,075	Flats Communal Services	433,580	493,159
473,413	432,181	Environmental Works to Estates	541,170	493,327
5,088,818	5,523,575	Responsive & Planned Maintenance	5,249,470	5,242,981
149,529	120,028	SOCH & Equity Share Administration	138,690	126,223
<b>8,063,430</b>	<b>8,359,422</b>		<b>8,292,800</b>	<b>8,209,650</b>
		<b>Strategic Housing Services</b>		
393,556	360,623	Advice, Registers & Tenant Selection	349,880	340,951
199,230	210,368	Void Property Management & Lettings	191,190	208,504
10,098	9,142	Homelessness Hostels	9,700	9,708
200,681	142,418	Supported Housing Management	164,170	163,398
593,967	392,915	Strategic Support to the HRA	425,970	391,051
<b>1,397,533</b>	<b>1,115,468</b>		<b>1,140,910</b>	<b>1,113,612</b>
		<b>Community Services</b>		
822,862	911,190	Sheltered Housing	779,380	833,931
		<b>Other Items</b>		
6,703,540	5,528,728	Depreciation	6,500,000	6,485,780
2,661,783	(44,323)	Revaluation and other Capital items	0	0
147,485	165,468	Debt Management	160,590	160,590
154,218	280,328	Other Items	635,960	649,740
<b>19,950,851</b>	<b>16,316,281</b>	<b>Total Expenditure</b>	<b>17,509,640</b>	<b>17,453,304</b>
(32,623,860)	(32,247,174)	Income	(31,916,130)	(31,966,844)
<b>(12,673,009)</b>	<b>(15,930,894)</b>	<b>Net Cost of Services(per inc &amp; exp a/c)</b>	<b>(14,406,490)</b>	<b>(14,513,540)</b>
<b>259,861</b>	<b>264,207</b>	HRA share of CDC	<b>251,530</b>	<b>251,530</b>
<b>(12,413,148)</b>	<b>(15,666,687)</b>	<b>Net Cost of HRA Services</b>	<b>(14,154,960)</b>	<b>(14,262,010)</b>
(508,072)	(384,996)	Investment Income	(804,490)	(474,278)
5,022,423	5,004,072	Interest Payable	5,138,210	5,131,995
<b>(7,898,797)</b>	<b>(11,047,611)</b>	<b>Deficit for Year on HRA Services</b>	<b>(9,821,240)</b>	<b>(9,604,293)</b>
	627,309	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
7,966,069	7,563,162	Contrib to/(Use of) New Build Reserve	7,246,240	7,029,293
121,431	309,017	Tfr (fr) to Pensions Reserve	0	0
	640,110	Tfr (from)/to CAA re: Voluntary Revenue Provision	0	0
(2,648,007)	71,504	Tfr (from)/to CAA re: Revaluation	0	0
(25,420)	(627,309)	Tfr (from)/to CAA re: REFCUS	0	0
(13,775)	(27,181)	Tfr (from)/to CAA re: Intangible assets	0	0
(1,500)	(9,000)	Tfr (from)/to CAA re: rev. inc. from sale of asset	0	0
<b>(0)</b>	<b>0</b>	<b>HRA Balance</b>	<b>0</b>	<b>(0)</b>
(2,500,000)	(2,500,000)	Balance Brought Forward	(2,500,000)	(2,500,000)
<b>(2,500,000)</b>	<b>(2,500,000)</b>	<b>Balance Carried Forward</b>	<b>(2,500,000)</b>	<b>(2,500,000)</b>

2016-17 Actual £	2017-18 Actual £	Analysis	2018-19 Estimate £	2018-19 Projection £
		<b>Borough Housing Services</b>		
(29,850,855)	(29,579,133)	Rent Income - Dwellings	(29,314,780)	(29,195,316)
(213,964)	(207,228)	Rent Income - Rosebery Hsg Assoc	(209,980)	(208,349)
(194,263)	(199,874)	Rents - Shops, Buildings etc	(194,300)	(192,595)
(677,827)	(699,962)	Rents - Garages	(730,000)	(722,436)
<b>(30,936,909)</b>	<b>(30,686,197)</b>	<b>Total Rent Income</b>	<b>(30,449,060)</b>	<b>(30,318,696)</b>
(345,764)	(316,404)	Supporting People Grant	(82,000)	(128,000)
(961,529)	(937,611)	Service Charges	(1,008,040)	(983,480)
(5,155)	(21,432)	Legal Fees Recovered	(28,840)	(22,000)
(40,025)	(44,698)	Service Charges Recovered	(76,310)	(50,000)
(334,477)	(240,832)	Miscellaneous Income	(271,880)	(464,668)
<b>(32,623,860)</b>	<b>(32,247,174)</b>	<b>Total Income</b>	<b>(31,916,130)</b>	<b>(31,966,844)</b>

This page is intentionally left blank



GENERAL FUND CAPITAL PROGRAMME - ESTIMATED EXPENDITURE 2018-19 to 2023-24

Directorate/Service and Capital Scheme name	Approved gross estimate	Cumulative spend at 31-03-18	2018-19		Expenditure at 13.12.18	Projected exp est by project officer	2019-20 Est for year	2020-21 Est for year	2021-22 Est for year	2022-23 Est for year	2023-24 Est for year	Future years est exp	Projected expenditure total	Grants / Contributions towards cost of scheme	Net cost of scheme
			Estimate approved by Council in February	Revised estimate											
	(a)	(b)	(c)	(d)	(e)	(f)	(ii)	(iii)	(iv)	(v)	(v)	(g)	(b)+(g) = (h)	(i)	(h)-(i) = (j)
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>APPROVED SCHEMES</b>															
<b>COMMUNITY DIRECTORATE</b>															
<b>General Fund Housing</b>															
Home Farm, Effingham - provision of Gypsy and Travellor	1,000	987	-	13	(59)	13	-	-	-	-	-	-	1,000	-	1,000
Disabled Facilities Grants			-	605	293	605	605	605	605	605	605	3,025	3,630	(658)	2,972
Better Care Fund			-	-	29	-	-	-	-	-	-	-	-	-	-
Home Improvement Assistance			-	-	30	-	-	-	-	-	-	-	-	-	-
Solar Energy Loans			-	-	-	-	-	-	-	-	-	-	-	-	-
SHIP			-	-	0	-	-	-	-	-	-	-	-	-	-
General Grants to HAS			100	100	-	100	100	100	100	100	100	500	600	-	600
General feasibility, site preparation costs for affordable housing			120	188	-	188	120	120	120	120	120	600	1,453	-	1,453
Bright Hill Car Park Site		17			-								-	-	-
Ladymead/Fire Station site preparation		95			1								-	-	-
Garage Sites-General		159			1								-	-	-
Garage Sites Phase 1		5			5								-	-	-
Guildford Park Car Park		312			(2)								-	-	-
Apple Tree Pub Site		75			0								-	-	-
Pak Barn					2										
Japonica Court/Shawfield Day Centre					4										
<b>Asset Development</b>															
Disabled Access (DDA) Improvements: ph.2 & 3	390	348	26	42	49	42	-	-	-	-	-	-	390	-	390
Void investment property refurbishment works	400	219	177	60	-	60	-	-	-	-	-	-	400	-	400
5 High Street void works		-	-	106	1	106									
12/13 Enterprise Est void work			-	15	10	15									
Asbestos surveys and removal in non-residential council	158	114	42	44	5	44	-	-	-	-	-	-	158	-	158
Methane gas monitoring system	100	45	60	55	-	55	-	-	-	-	-	-	100	-	100
Energy efficiency compliance - Council owned properties	45	16	25	29	27	29	-	-	-	-	-	-	45	-	45
Rebuild retaining wall on Shalford Park boundary with the Old	60	32	9	28	1	-	-	-	-	-	-	-	32	(16)	16
Bridges -Inspections and remedial works	317	173	200	144	0	144	-	-	-	-	-	-	317	-	317
Bridges - Millmead Footbridge					4										
Bridges - Shalford Common			-		1	-									
Bridges - Millmead Lattice					9										
Bridges - Shalford Rd/Millmead Island					0										
Electric Theatre - new boilers	120	-	-	120	-	120	-	-	-	-	-	-	120	-	120
The Billings roof	200	13	187	187	-	12	175	-	-	-	-	175	200	-	200
Guildford house damproofing- removal of decayed timber	20	4	20	16	10	16	-	-	-	-	-	-	20	-	20
Broadwater cottage	74	2	64	72	19	72	-	-	-	-	-	-	74	-	74
Gunpowder mills - scheduled ancient monument	50	5	50	45	(1)	45	-	-	-	-	-	-	50	-	50
New House - short term works following acquisition	70	18	22	52	36	52	-	-	-	-	-	-	70	-	70
Chapel Street (Castle Street/Tunsgate Public Realm Scheme)	835	113	-	722	548	722	-	-	-	-	-	-	835	-	835
Site clearance costs ahead of sale of Burpham Court Farm	50	-	-	50	33	50	-	-	-	-	-	-	50	-	50
Cladding of Ash Vale units	145	-	145	145	0	145	-	-	-	-	-	-	145	-	145
48 Quarry Street, Museum - structural works	-	-	30	30	11	30	-	-	-	-	-	-	30	-	30
Park Barn CC LED lighting upgrade (Complete)	3	-	3	3	3	3	-	-	-	-	-	-	3	-	3
<b>Office Services</b>															
Replace Hydro Gates Toll House				16	11	16							16	-	16
Hydro private wire - Tollhouse to Millmead			4	4	3	4	-	-	-	-	-	-	4	-	4
<b>COMMUNITY DIRECTORATE TOTAL</b>	<b>4,037</b>	<b>2,752</b>	<b>1,283</b>	<b>2,891</b>	<b>1,084</b>	<b>2,688</b>	<b>1,000</b>	<b>825</b>	<b>825</b>	<b>825</b>	<b>825</b>	<b>4,300</b>	<b>9,740</b>	<b>(674)</b>	<b>9,067</b>
<b>ENVIRONMENT DIRECTORATE</b>															
<b>Operational Services</b>															
Safer Guildford: CCTV & Lighting Strategy - Lighting Strategy	345	324	-	21	-	21	-	-	-	-	-	-	345	-	345
Mill Lane (Pirbright) Flood Protection Scheme	71	55	16	16	-	(0)	16	-	-	-	-	16	71	(19)	52
Vehicles, Plant & Equipment Replacement Programme	6,445	5,366	600	1,079	135	500	579	-	-	-	-	579	6,445	(26)	6,419
Mary Road Flood (EA grant)	45	16		29	-	29							45	(45)	-

GENERAL FUND CAPITAL PROGRAMME - ESTIMATED EXPENDITURE 2018-19 to 2023-24

Directorate/Service and Capital Scheme name	Approved gross estimate	Cumulative spend at 31-03-18	2018-19				Projected exp est by project officer	2019-20 Est for year	2020-21 Est for year	2021-22 Est for year	2022-23 Est for year	2023-24 Est for year	Future years est exp	Projected expenditure total	Grants / Contributions towards cost of scheme	Net cost of scheme
			Estimate approved by Council in February	Revised estimate	Expenditure at 13.12.18	(a)										
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Flood resilience measures (use in conjunction with grant)	100	-	-	-	-	-	100	-	-	-	-	-	100	100	-	100
Litter bins replacement	265	104	-	161	8	161	-	-	-	-	-	-	265	-	265	
Flats recycling - new bins	50	39	-	11	7	11	-	-	-	-	-	-	50	-	50	
WRD roads and footpaths	150	59	51	51	37	51	40	-	-	-	-	40	150	-	150	
Merrow lane grille & headwall construction	60	3	52	57	-	57	-	-	-	-	-	-	60	-	60	
Merrow & Burpham surface water study	15	-	15	15	-	15	-	-	-	-	-	-	15	-	15	
Crown court CCTV	10	-	10	10	-	10	-	-	-	-	-	-	10	-	10	
<b>Parks and Leisure</b>																
Spectrum Roof replacement	4,000	1,420	43	276	95	276	-	-	-	-	-	-	2,800	-	2,800	
Spectrum roof - steelwork ph2	-	407	-	-	3	-	-	-	-	-	-	-	-	-	-	
Spectrum roof - steelwork ph3	-	697	-	-	23	-	-	-	-	-	-	-	-	-	-	
Infrastructure works: Guildford Commons	150	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Infrastructure works: Guildford Commons: Merrow	-	12	-	5	-	5	-	-	-	-	-	-	17	-	17	
Infrastructure works: Guildford Commons: Shalford	-	97	33	33	12	33	-	-	-	-	-	-	130	-	130	
Infrastructure works: Guildford Commons: Compton	-	3	-	-	-	-	-	-	-	-	-	-	3	-	3	
Onslow Rec play area	174	165	-	9	-	9	-	-	-	-	-	-	174	-	174	
Westnye Gardens play area	125	10	110	115	54	115	-	-	-	-	-	-	125	-	125	
Stoke Park Tennis Courts refurbishment (COMPLETE)	90	85	-	5	4	5	-	-	-	-	-	-	90	-	90	
Stoke Park Paddling Pool (ph1&2) (COMPLETE)	423	418	-	5	-	5	-	-	-	-	-	-	423	-	423	
Stoke Park Bowls Club	102	112	-	(10)	(10)	2	-	-	-	-	-	-	114	(44)	70	
Stoke cemetery re-tarmac	47	-	47	47	-	47	-	-	-	-	-	-	47	-	47	
Woodbridge rd sportsground replace fencing	250	39	-	211	7	211	-	-	-	-	-	-	250	-	250	
Stoke Park Composting facility	105	-	105	105	-	105	-	-	-	-	-	-	105	-	105	
Chantry wood campsite	216	7	210	209	-	(0)	209	-	-	-	-	209	216	(116)	100	
Stoke pk office accomodation & storage buildings	65	74	-	(9)	2	2	-	-	-	-	-	-	76	-	76	
Pre-sang costs	100	19	79	81	5	81	-	-	-	-	-	-	100	-	100	
Stoke Cemetery Chapel - phase 2	75	7	72	68	38	68	-	-	-	-	-	-	75	-	75	
Replace Stoke Park gardens attendant hut/visitor information	143	14	80	128	128	128	-	-	-	-	-	-	143	-	143	
Wall repairs for parks, cemeteries & recreation facilities	195	10	180	185	143	185	-	-	-	-	-	-	195	-	195	
Bellfields Community Centre - Subsidence Repairs	60	3	49	57	56	57	-	-	-	-	-	-	60	-	60	
Countryside fence replacement	97	64	47	33	14	33	-	-	-	-	-	-	97	-	97	
Sutherland Memorial Park LED lighting for courts/football pitch	25	-	-	25	-	25	-	-	-	-	-	-	25	-	25	
New War Memorial	50	16	-	34	47	34	-	-	-	-	-	-	50	-	50	
Museum and castle development	267	3	164	264	-	264	-	-	-	-	-	-	267	-	267	
Parks and Countryside - repairs and renewal of paths,roads	100	-	100	100	56	100	-	-	-	-	-	-	100	-	100	
Kings college astro turf	120	-	120	120	-	120	-	-	-	-	-	-	120	-	120	
<b>Economic Development</b>																
Broadband for Surrey Hills				10	10	10							10	-	10	
<b>ENVIRONMENT TOTAL DIRECTORATE</b>	<b>14,535</b>	<b>9,648</b>	<b>2,183</b>	<b>3,556</b>	<b>873</b>	<b>2,775</b>	<b>944</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>944</b>	<b>13,368</b>	<b>(250)</b>	<b>13,118</b>	
<b>FINANCE DIRECTORATE</b>																
<b>Financial Services</b>																
Capital contingency fund	annual	-	5,000	3,074	-	3,074	5,000	5,000	5,000	5,000	5,000	25,000	28,074	-	28,074	
<b>RESOURCES DIRECTORATE TOTAL</b>	<b>0</b>	<b>0</b>	<b>5,000</b>	<b>3,074</b>	<b>0</b>	<b>3,074</b>	<b>5,000</b>	<b>5,000</b>	<b>5,000</b>	<b>5,000</b>	<b>5,000</b>	<b>25,000</b>	<b>28,074</b>	<b>0</b>	<b>28,074</b>	
<b>DEVELOPMENT/INCOME GENERATING/COST REDUCTION PROJECTS</b>																
<b>COMMUNITY DIRECTORATE</b>																
Guildford Park - new MSCP and infrastructure works	6,500	1,118	4,497	4,768	247	1,259	3,509	-	-	-	-	3,509	6,500	-	6,500	
Guildford Park - Housing for private sale		614			227	-										
Investment in North Downs Housing (60%)	15,180	2,698	12,840	12,482	852	2,700	3,600	4,500	1,682	-	-	9,782	15,180	-	15,180	
Equity shares in Guildford Holdings Ltd (40%)	10,120	1,803	8,560	8,317	568	1,800	2,400	3,000	1,117	-	-	6,517	10,120	-	10,120	
Middleton Ind Est Redevelopment	3,850	36	1,637	1,801	126	1,801	2,013	-	-	-	-	2,013	3,850	-	3,850	
<b>ENVIRONMENT DIRECTORATE</b>																
Walnut Bridge replacement	3,341	896	1,026	2,445	260	533	801	1,094	17	-	-	1,912	3,341	(1,226)	2,115	

GENERAL FUND CAPITAL PROGRAMME - ESTIMATED EXPENDITURE 2018-19 to 2023-24

Directorate/Service and Capital Scheme name	Approved gross estimate	Cumulative spend at 31-03-18	2018-19				Projected exp est by project officer	2019-20 Est for year	2020-21 Est for year	2021-22 Est for year	2022-23 Est for year	2023-24 Est for year	Future years est exp	Projected expenditure total	Grants / Contributions towards cost of scheme	Net cost of scheme
			Estimate approved by Council in February	Revised estimate	Expenditure at 13.12.18											
	(a) £000	(b) £000	(c) £000	(d) £000	(e) £000	(f) £000	(ii) £000	(iii) £000	(iv) £000	(v) £000	(v) £000	(g) £000	(b)+(g) = (h) £000	(i) £000	(h)-(i) = (j) £000	
Rebuild Crematorium	11,732	560	10,335	5,000	2,567	5,000	6,172	-	-	-	-	6,172	11,732	-	11,732	
Spectrum Combined Heat and Power (GF contr)	1,110	216	-	651	65	651	-	-	-	-	-	-	867	-	867	
Woodbridge Rd sportsground	1,900	1,918	-	(18)	236	(18)	-	-	-	-	-	-	1,900	(746)	1,154	
<b>PLANNING &amp; REGENERATION DIRECTORATE</b>																
Internal Estate Road - CLLR Phase 1	11,139	1,173	4,339	4,966	631	3,466	6,500	-	-	-	-	6,500	11,139	(1,000)	10,139	
Slyfield Area Regeneration Project (SARP)	5,225	1,252	900	1,632	1,013	1,632	2,341	-	-	-	-	2,341	5,225	-	5,225	
North Street Development / Guild Town Centre regeneration	977	721	337	256	14	256	-	-	-	-	-	-	977	(50)	927	
TCMP Sites U: Bedford Rd Wharf	15,576	-	-	1,400	15,576	15,576	-	-	-	-	-	-	15,576	-	15,576	
Walnut Bridge Land Acquisition		9		491	362	491							500	-	500	
Town Centre Gateway Regeneration	3,523	11	-	(11)	31	(11)	3,523	-	-	-	-	3,523	3,523	-	3,523	
SMC(West) Phase 1	3,850		850	850	89	802	1,383	1,665				3,048	3,850	(2,725)	1,125	
A331 hotspots	3,930		300	300	-	300	2,230	1,400				3,630	3,930	(1,965)	1,965	
Town Centre Approaches	1,033		200	200	-	200	833	-	-	-	-	833	1,033	(700)	333	
Strategic property acquisitions -	830		-	830	-	830	-	-	-	-	-	-	830	-	830	
Strategic property acquisitions - 41 Moorfield Road	1,544		-	1,544	1,532	1,544	-	-	-	-	-	-	1,544	-	1,544	
<b>DEVELOPMENT/INCOME GENERATING/COST REDUCTION</b>	<b>101,359</b>	<b>13,024</b>	<b>45,821</b>	<b>47,904</b>	<b>24,398</b>	<b>38,812</b>	<b>35,305</b>	<b>11,659</b>	<b>2,816</b>	<b>0</b>	<b>0</b>	<b>49,780</b>	<b>101,616</b>	<b>(8,413)</b>	<b>93,203</b>	
<b>APPROVED SCHEMES TOTAL</b>	<b>119,931</b>	<b>25,425</b>	<b>54,287</b>	<b>57,425</b>	<b>26,355</b>	<b>47,349</b>	<b>42,249</b>	<b>17,484</b>	<b>8,641</b>	<b>5,825</b>	<b>5,825</b>	<b>80,024</b>	<b>152,798</b>	<b>(9,336)</b>	<b>143,462</b>	

This page is intentionally left blank

GENERAL FUND CAPITAL PROGRAMME - ESTIMATED EXPENDITURE 2018-19 to 2023-24

Directorate / Service Units Capital Schemes	Gross estimate approved by Executive	Cumulative spend at 31-03-18	2018-19 Estimate approved by Council in February	Revised estimate	Expenditure at 13.12.18	Projected exp est by project officer	2019-20 Est for year	2020-21 Est for year	2021-22 Est for year	2022-23 Est for year	2023-24 Est for year	Future years estimated expenditure	Projected expenditure total	Grants or contributions towards cost of scheme	Net total cost of scheme to the Council
	(a)	(b)	(c)	(e)	(f)	(g)	(i)	(ii)	(iii)	(iv)	(v)	(h)	(b) to (g)=(i)	(j)	(i) - (j) = (k)
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>PROVISIONAL SCHEMES (schemes approved in principle; further report to the Executive required)</b>															
<b>COMMUNITY DIRECTORATE</b>															
<b>General Fund Housing</b>															
Old Manor House - replacement windows	193	-	193	193	-	96	97	-	-	-	-	97	193	-	193
<b>Asset Development</b>															
Void investment property refurbishment works	300	-	200	200	-	-	300	-	-	-	-	300	300	-	300
Guildford Museum	6,395	-	185	185	-	185	180	6,030	-	-	-	6,210	6,395	-	6,395
Methane gas monitoring system	150	-	150	150	-	50	100	-	-	-	-	100	150	-	150
Energy efficiency compliance - Council owned properties	1,150	-	1,150	1,150	-	-	1,150	-	-	-	-	1,150	1,150	-	1,150
Bridges	370	-	270	370	-	370	-	-	-	-	-	-	370	-	370
Gunpowder mills - scheduled ancient monument	172	-	172	172	-	-	172	-	-	-	-	172	172	-	172
Westfield/Moorfield rd resurfacing	3,152	-	3,152	3,152	-	-	3,152	-	-	-	-	3,152	3,152	-	3,152
Exhibition lighting at Guildford House	50	-	50	50	-	-	50	-	-	-	-	50	50	-	50
Chapel Street (Castle Street/Tunsgate Public Realm Scheme)	1,165	-	1,150	1,165	-	-	1,165	-	-	-	-	1,165	1,165	-	1,165
Tyting Farm Land-removal of barns and concrete hardstanding	250	-	250	250	-	250	-	-	-	-	-	-	250	-	250
Rodboro Buildings - electric theatre through road and parking	450	-	450	450	1	-	450	-	-	-	-	450	450	-	450
48 Quarry Street, Museum - structural works	220	-	-	-	-	-	220	-	-	-	-	220	220	-	220
Land to the rear of 39-42 Castle Street	10	-	10	10	-	-	10	-	-	-	-	10	10	-	10
Park Barn CC LED lighting upgrade (Complete)	19	-	19	19	-	19	-	-	-	-	-	-	19	-	19
Shawfield DC - fire alarm system and LED lighting upgrade	83	-	83	83	-	-	83	-	-	-	-	83	83	-	83
<b>Office Services</b>															
Renewables	65	-	65	65	-	65	-	-	-	-	-	-	65	-	65
Millmead House - M&E plant renewal	33	-	33	33	-	33	-	-	-	-	-	-	33	-	33
Hydro private wire - Tollhouse to Millmead	85	-	82	82	-	82	-	-	-	-	-	-	82	-	82
<b>COMMUNITY DIRECTORATE TOTAL</b>															
	<b>14,312</b>	<b>-</b>	<b>7,664</b>	<b>7,779</b>	<b>1</b>	<b>1,150</b>	<b>7,129</b>	<b>6,030</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13,159</b>	<b>14,309</b>	<b>-</b>	<b>14,309</b>
<b>ENVIRONMENT DIRECTORATE</b>															
<b>Operational Services</b>															
Mill Lane (Pirbright) Flood Protection Scheme	200	-	200	200	-	-	200	-	-	-	-	200	200	(20)	180
Vehicles, Plant & Equipment Replacement Programme	5,000	-	-	-	-	-	-	5,000	-	-	-	5,000	5,000	-	5,000
New vehicle washing system	155	0	155	155	1	155	-	-	-	-	-	-	155	-	155
Surface water management plan	200	-	200	200	-	-	200	-	-	-	-	200	200	-	200
<b>Parks and Leisure</b>															
New burial grounds - acquisition & development	7,834	33	2,508	2,501	5	-	2,501	5,300	-	-	-	7,801	7,834	-	7,834
Refurbishment / rebuild Sutherland Memorial Park Pavilion	150	-	150	150	-	-	150	-	-	-	-	150	150	-	150
Council owned playground refurbishment	320	-	200	200	-	-	320	-	-	-	-	320	320	-	320
Council tennis courts refurbishment	155	-	155	155	-	155	-	-	-	-	-	-	155	(10)	145
Aldershot rd allotment expansion & improvement	200	-	200	200	-	200	-	-	-	-	-	-	200	-	200
Stoke pk office accomodation & storage buildings	665	-	665	665	-	-	665	-	-	-	-	665	665	-	665
Sutherland memorial park all weather courts new posts and barriers	25	-	-	25	-	25	-	-	-	-	-	-	25	-	25
Stoke Pk gardens water feature refurb	81	-	81	81	-	81	-	-	-	-	-	-	81	(59)	22
Resurface Lido Rd CP	100	-	100	100	-	100	-	-	-	-	-	-	100	-	100
Sutherland Memorial Park LED lighting	10	-	10	10	-	10	-	-	-	-	-	-	10	-	10
Stoke Memorial Park - electrical works	39	-	39	39	-	39	-	-	-	-	-	-	39	-	39
Stoke Park Masterplan enabling costs	500	-	100	100	-	100	100	150	-	150	-	400	500	-	500

GENERAL FUND CAPITAL PROGRAMME - ESTIMATED EXPENDITURE 2018-19 to 2023-24

Directorate / Service Units Capital Schemes	Gross estimate approved by Executive	Cumulative spend at 31-03-18	2018-19 Estimate approved by Council in February	Revised estimate	Expenditure at 13.12.18	Projected exp est by project officer	2019-20 Est for year	2020-21 Est for year	2021-22 Est for year	2022-23 Est for year	2023-24 Est for year	Future years estimated expenditure	Projected expenditure total	Grants or contributions towards cost of scheme	Net total cost of scheme to the Council
	(a)	(b)	(c)	(e)	(f)	(g)	(i)	(ii)	(iii)	(iv)	(v)	(h)	(b) to (g)=(i)	(j)	(i) - (j) = (k)
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Parks and Countryside - repairs and renewal of paths,roads and car parks	1,800	-	200	200	-	200	400	400	400	400	-	1,600	1,800	-	1,800
Sports pavilions - replace water heaters	154	-	154	154	-	154	-	-	-	-	-	-	154	-	154
Millmead fish pass	60	-	-	-	-	-	60	-	-	-	-	60	60	-	60
<b>ENVIRONMENT DIRECTORATE TOTAL</b>	<b>17,648</b>	<b>34</b>	<b>5,117</b>	<b>5,135</b>	<b>6</b>	<b>1,219</b>	<b>4,596</b>	<b>10,850</b>	<b>400</b>	<b>550</b>	<b>-</b>	<b>16,396</b>	<b>17,648</b>	<b>(89)</b>	<b>17,559</b>
<b>DEVELOPMENT/INCOME GENERATING/COST REDUCTION PROJECTS</b>															
<b>COMMUNITY DIRECTORATE</b>															
Guildford Park new MSCP and infrastructure works	23,125	-	18,625	18,625	-	-	4,380	11,625	7,120	-	-	23,125	23,125	-	23,125
Investment in North Downs Housing	30,100	-	-	-	-	-	-	-	5,518	12,539	-	18,057	18,057	-	18,057
Equity shares in Guildford Holdings Ltd	-	-	-	-	-	-	-	-	3,683	8,360	-	12,043	12,043	-	12,043
Redevelop Midleton industrial estate	11,057	-	-	-	-	-	-	11,057	-	-	-	11,057	11,057	-	11,057
<b>ENVIRONMENT DIRECTORATE</b>															
Stoke Park - Home Farm Redevelopment	4,000	-	-	-	-	-	-	-	-	-	4,000	4,000	4,000	-	4,000
Mary Road Multi Storey (this more expensive option has been included in the	5,565	-	-	-	-	-	-	-	-	5,565	-	5,565	5,565	-	5,565
<b>PLANNING &amp; REGENERATION DIRECTORATE</b>															
Slyfield Area Regeneration Project (SARP) (GBC share)	69,083	-	-	-	-	-	3,659	700	22,962	41,762	-	69,083	69,083	(7,500)	61,583
North Street development	29,590	-	-	-	-	-	-	29,590	-	-	-	29,590	29,590	-	29,590
Bright Hill Development	13,500	-	500	500	-	-	180	500	5,000	7,000	820	13,500	13,500	-	13,500
Transport schemes for future Local Growth Fund and other funding opportunities	4,000	-	4,000	4,000	-	-	4,000	-	-	-	-	4,000	4,000	(3,500)	500
Town centre transport infrastructure package	217	-	217	217	-	217	-	-	-	-	-	-	217	-	217
Sustainable Movement Corridor	6,045	-	-	-	-	-	-	-	-	6,045	-	6,045	6,045	-	6,045
Guildford West (PB) station	5,200	-	1,150	1,150	-	350	800	1,050	3,000	-	-	4,850	5,200	(3,750)	1,450
Strategic property acquisitions	31,747	-	-	-	-	-	4,647	13,300	13,800	-	-	31,747	31,747	-	31,747
Guildford Gyratory & approaches	10,967	-	-	-	-	-	-	3,500	3,500	3,967	-	10,967	10,967	(5,000)	5,967
Guildford bike share	530	-	530	530	-	-	530	-	-	-	-	530	530	-	530
Bus station relocation	500	-	300	300	-	-	300	200	-	-	-	500	500	-	500
Student Housing	81,000	-	3,000	-	-	-	-	-	-	-	-	-	-	-	-
<b>DEVELOPMENT/INCOME GENERATING/COST REDUCTION PROJECTS TOTAL</b>	<b>326,226</b>	<b>-</b>	<b>28,322</b>	<b>25,322</b>	<b>-</b>	<b>567</b>	<b>18,496</b>	<b>71,522</b>	<b>64,583</b>	<b>85,238</b>	<b>4,820</b>	<b>244,659</b>	<b>245,226</b>	<b>(19,750)</b>	<b>225,476</b>
<b>PROVISIONAL SCHEMES - GRAND TOTALS</b>	<b>358,186</b>	<b>34</b>	<b>41,103</b>	<b>38,235</b>	<b>6</b>	<b>2,935</b>	<b>30,221</b>	<b>88,402</b>	<b>64,983</b>	<b>85,788</b>	<b>4,820</b>	<b>274,214</b>	<b>277,183</b>	<b>(19,839)</b>	<b>257,344</b>

GENERAL FUND CAPITAL PROGRAMME - S106 ESTIMATED EXPENDITURE 2018-19 to 2023-24

Service Units / Capital Schemes	Approved gross estimate	Cumulative spend at 31-03-18	2018-19		Expenditure at 13.12.18	Projected exp est by project officer	2019-20 Est for year	2020-21 Est for year	2021-22 Est for year	2022-23 Est for year	2023-24 Est for year	Future years est exp	Projected expenditure total	Grants / Contributions towards cost of scheme	Net cost of scheme	Total net cost approved by Executive
			Estimate approved by Council in February	Revised estimate												
	(a)	(b)	(c)	(d)	(e)	(f)	(i)	(ii)	(iii)	(iv)	(v)	(g)	(b)+(g) = (h)	(i)	(h)-(i) = (j)	(k)
	£000	£000	£000		£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>APPROVED SCHEMES (fully funded from S106)</b>																
<b>ENVIRONMENT DIRECTORATE</b>																
<b>Operational Services</b>																
Hayden Place CCTV - P92310	35	12		23	-	23							35	(35)	-	-
Parks and Leisure																
Tilehouse Open Space - Playground Refurbishment &	132	102	-	30	-	30	-	-	-	-	-	-	132	(132)	-	-
Baird Drive/Briars Playground Refurb	10	8	-	2	-	2	-	-	-	-	-	-	10	(10)	-	-
Bushy Hill Facilities	27	16	-	11	-	11	-	-	-	-	-	-	27	(27)	-	-
75-78 Woodbridge Rd (complete)	15	11	-	4	-	4	-	-	-	-	-	-	15	(15)	-	-
Greening the approaches - roundabouts	40	5	-	35	-	35	-	-	-	-	-	-	40	(40)	-	-
Installation of trampoline play equipment Pirbright	11	-	-	11	-	11	-	-	-	-	-	-	11	(11)	-	-
Gunpowder mills - signage, access and woodland imp	36	17	-	19	-	19	-	-	-	-	-	-	36	(36)	-	-
Fir Tree Garden	28	-	-	28	-	28	-	-	-	-	-	-	28	(28)	-	-
Stoke Park Trim Trail	23	22		1	-	1	-	-	-	-	-	-	23	(23)	-	-
Stoke Park New Playground Entrance	13	6		7	7	7	-	-	-	-	-	-	13	(13)	-	-
Pound Place Playarea	23			23	23	23							23	(23)	-	-
Benches on Ripley Green	5			5		5							5	(5)	-	-
WW1 Commemorative Orchard	14			14		14							14	(14)	-	-
<b>ENVIRONMENT DIRECTORATE TOTAL</b>	<b>376</b>	<b>199</b>	<b>-</b>	<b>212</b>	<b>29</b>	<b>212</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>376</b>	<b>(376)</b>	<b>-</b>	<b>-</b>
<b>APPROVED SCHEMES continued (fully funded from S106 contributions)</b>																
<b>COMMUNITY DIRECTORATE</b>																
Haydon Place / Martyr Road	67	64	-	3	-	3	-	-	-	-	-	-	67	(67)	-	-
Woodbridge meadows	243	197	-	46	-	46	-	-	-	-	-	-	243	(243)	-	-
Woodbridge Hill environmental improvements	226	220	-	6	1	6	-	-	-	-	-	-	226	(226)	-	-
G Live Lighting and Signage York Road	32	23	-	9	-	9	-	-	-	-	-	-	32	(32)	-	-
G Live Bus stop/drop off point	11	4	-	7	-	7	-	-	-	-	-	-	11	(11)	-	-
Espom Rd/Boxgrove Road	150	87	-	63	-	63	-	-	-	-	-	-	150	(150)	-	-
Bridge Street Waymarking	5	1	-	4	-	4	-	-	-	-	-	-	5	(5)	-	-
<b>DEVELOPMENT DIRECTORATE TOTOAL</b>	<b>734</b>	<b>595</b>	<b>-</b>	<b>139</b>	<b>1</b>	<b>139</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>734</b>	<b>(734)</b>	<b>-</b>	<b>-</b>
<b>APPROVED S106 SCHEMES TOTAL</b>	<b>1,110</b>	<b>794</b>	<b>-</b>	<b>350</b>	<b>30</b>	<b>350</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,110</b>	<b>(1,110)</b>	<b>-</b>	<b>-</b>

This page is intentionally left blank



GENERAL FUND CAPITAL SCHEMES - PROJECTS FUNDED VIA RESERVES: ESTIMATED EXPENDITURE 2018-19 to 2023-24

Projects & Sources of Funding	Approved gross estimate	Cumulative spend at 31-03-18	2018-19		Expenditure at 13.12.18	Projected exp est by project officer	2019-20 Est for year	2020-21 Est for year	2021-22 Est for year	2022-23 Est for year	2023-24 Est for year	Future years est exp	Projected expenditure total
			Estimate approved by Council in February	Revised estimate									
	(a)	(b)	(c)		(e)	(f)	(i)	(ii)	(iii)	(iv)	(v)	(g)	(b)+(g) = (h)
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>COMMUNITY DIRECTORATE</b>													
<u>ENERGY PROJECTS per SALIX RESERVE:(PR220)</u>													
LED Lighting replacement	80	49	-	19	-	19	-	-	-	-	-	-	68
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	-	-	-	-	-	-	164
PV/energy efficiency projects	100	2	98	98	-	98	-	-	-	-	-	-	100
Park Barn Day Centre - air source heat pump	143	-	143	143	4	143	-	-	-	-	-	-	143
SMP - air source heat pump	28	-	28	28	0	28	-	-	-	-	-	-	28
Stoke Park Nursery - air source heat pump	17	-	17	17	-	17	-	-	-	-	-	-	17
<b>ENERGY RESERVES TOTAL</b>	<b>438</b>	<b>51</b>	<b>450</b>	<b>539</b>	<b>5</b>	<b>539</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>590</b>
<b>FINANCE DIRECTORATE</b>													
<u>INFORMATION TECHNOLOGY - IT Renewals Reserve (PR265) : approved annually</u>													
Hardware / software budget		-	1,034	1,500	-	1,500	527	500	500	500	-	2,027	3,527
Hardware	annual	annual	-	-	284	-	-	-	-	-	-	-	-
Software	annual	annual	-	-	-	-	-	-	-	-	-	-	-
ICT infrastructure improvements	1,250		1,250	1,250	436	1,250	-	-	-	-	-	-	1,250
Efin upgrade and eproc implement		19		-	-	-							19
Replace Ocella (Tascomi)		20		-	-	-							20
PAD		50		-	-	-							50
<b>IT RENEWALS RESERVE TOTAL</b>	<b>1,250</b>	<b>90</b>	<b>2,284</b>	<b>2,750</b>	<b>720</b>	<b>2,750</b>	<b>527</b>	<b>500</b>	<b>500</b>	<b>500</b>	<b>-</b>	<b>2,027</b>	<b>4,817</b>

GENERAL FUND CAPITAL SCHEMES - PROJECTS FUNDED VIA RESERVES: ESTIMATED EXPENDITURE 2018-19 to 2023-24

Projects & Sources of Funding	Approved gross estimate	Cumulative spend at 31-03-18	2018-19		Expenditure at 13.12.18	Projected exp est by project officer	2019-20 Est for year	2020-21 Est for year	2021-22 Est for year	2022-23 Est for year	2023-24 Est for year	Future years est exp	Projected expenditure total
			Estimate approved by Council in February	Revised estimate									
	(a)	(b)	(c)		(e)	(f)	(i)	(ii)	(iii)	(iv)	(v)	(g)	(b)+(g)
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>ENVIRONMENT DIRECTORATE</b>													
<b>SPECTRUM RESERVE</b>													
Spectrum schemes (to be agreed with Freedom Leisure)	700	-	700	700	-	203	450					450	653
Spectrum - Athletic Track					47	47							
<b>SPECTRUM RESERVE TOTAL</b>	<b>700</b>	<b>-</b>	<b>700</b>	<b>700</b>	<b>47</b>	<b>250</b>	<b>450</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>450</b>	<b>653</b>
<b>CAR PARKS RESERVE</b>													
Car parks - install/replace pay-on-foot equipment	570	240	-	330	-	330	-	-	-	-	-	-	570
<b>Car Parks - Lighting &amp; Electrical improvements:</b>													
- Castle, Farnham & York Rd Lighting	300	-	-	300	-	300	-	-	-	-	-	-	300
- Castle car park (PR000299) deck surfacing	325	-	325	325	9	325	-	-	-	-	-	-	325
- Bedford Road (PR000243) deck replacement	512	-	-	59	-	59	-	-	-	-	-	-	59
- Deck Millbrook car park	2,000	-	-	-	-	-	2,000	-	-	-	-	2,000	2,000
Replacement of collapsed retaining wall Bright Hill	321	54	-	-	(0)	-	-	-	-	-	-	-	54
Lift replacement (PR000293)	841	68	187	399	141	399	187	187	-	-	-	374	841
Bright Hill Barrier essential works (PR000425)	80	2	-	78	(2)	78	-	-	-	-	-	-	80
Leapale rd MSCP drainage (PR000433)	90	-	90	90	26	40	-	-	-	-	-	-	40
Tunsgate Car Park Lighting		48		-	(48)	-							48
Structural works to MSCP	300	-	200	200	12	145	100	-	-	-	-	100	245
New pay-on-foot equipment	600	-	15	15	-	15	585	-	-	-	-	585	600
<b>CAR PARKS RESERVE TOTAL</b>	<b>5,939</b>	<b>413</b>	<b>817</b>	<b>1,795</b>	<b>137</b>	<b>1,690</b>	<b>2,872</b>	<b>187</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,059</b>	<b>5,162</b>
<b>SPA RESERVE :</b>													
SPA schemes (various)	100	annual	100	251	-	230	-	-	-	-	-	-	251
Chantry Woods					-	-							-
Effingham					-	-							-
Lakeside					-	-							-
Riverside					21	21							-
Parsonage					-	-							-
Access tracks at Chantry Wood	60	-	-	60	-	60	-	-	-	-	-	-	60
<b>SPA RESERVE TOTAL</b>	<b>160</b>	<b>-</b>	<b>100</b>	<b>311</b>	<b>21</b>	<b>311</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>311</b>
<b>GRAND TOTALS</b>	<b>8,562</b>	<b>629</b>	<b>4,351</b>	<b>6,095</b>	<b>930</b>	<b>5,540</b>	<b>3,849</b>	<b>687</b>	<b>500</b>	<b>500</b>	<b>-</b>	<b>5,536</b>	<b>11,607</b>

Agenda item number: 7 Appendix 7

## GENERAL FUND CAPITAL PROGRAMME : SUMMARY OF RESOURCES AND FINANCIAL IMPLICATIONS

### 1.0 AVAILABILITY OF RESOURCES - NOTES :

- 1.1 The following balances have been calculated taking account of estimated expenditure on the approved capital schemes
- 1.2 The actuals for 2017-18 have 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)

Page 95

Balance as at 1 April  
 Add estimated usable receipts in year  
 Less applied re funding of capital schemes

	2017-18 Actuals £000	2018-19 Budget £000	2018-19 Est Outturn £000	2019-20 Estimate £000	2020-21 Estimate £000	2021-22 Estimate £000	2022-23 Estimate £000	2023-24 Estimate £000
Balance as at 1 April	0	0	0	0	0	0	0	0
Add estimated usable receipts in year	496	5,290	5,726	0	0	4,000	11,200	55,067
Less applied re funding of capital schemes	(496)	(5,290)	(5,726)	0	0	(4,000)	(11,200)	(10,645)
<b>Balance after funding capital expenditure as at 31 March</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>44,422</b>

## GENERAL FUND CAPITAL PROGRAMME : SUMMARY OF RESOURCES AND FINANCIAL IMPLICATIONS

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

Capital Schemes Reserve (*para.4 below*)

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

**Total funding required**

	2017-18 Actuals £000	2018-19 Budget £000	2018-19 Est Outturn £000	2019-20 Estimate £000	2020-21 Estimate £000	2021-22 Estimate £000	2022-23 Estimate £000	2023-24 Estimate £000
	12,627	54,287	47,349	42,249	17,484	8,641	5,825	5,825
	19	41,103	2,935	30,221	88,402	64,983	85,788	4,820
	90	0	350	0	0	0	0	0
	1,204	4,351	5,540	3,849	687	500	500	0
	0	0	0	0	0	0	0	0
<b>Total estimated capital expenditure</b>	<b>13,940</b>	<b>99,741</b>	<b>56,175</b>	<b>76,319</b>	<b>106,573</b>	<b>74,124</b>	<b>92,113</b>	<b>10,645</b>
<b>To be funded by:</b>								
Capital receipts ( <i>per 2.above</i> )	(2,597)	(5,290)	(5,726)	0	0	(4,000)	(11,200)	(10,645)
Contributions	(1,966)	(5,465)	(2,466)	(7,145)	(4,500)	(5,500)	(5,500)	0
<u>R.C.C.O. :</u>								
Other reserves	(1,204)	(17,832)	(11,517)	(10,829)	(907)	(720)	(500)	0
Capital Schemes Reserve ( <i>para.4 below</i> )	0	0	0	0	0	0	0	0
	(5,767)	(28,587)	(19,710)	(17,974)	(5,407)	(10,220)	(17,200)	(10,645)
Balance of funding to be met from (i) the Capital Reserve, and (ii) borrowing	(8,173)	(71,154)	(36,465)	(58,345)	(101,166)	(63,904)	(74,913)	0
<b>Total funding required</b>	<b>(13,940)</b>	<b>(99,741)</b>	<b>(56,175)</b>	<b>(76,319)</b>	<b>(106,573)</b>	<b>(74,124)</b>	<b>(92,113)</b>	<b>(10,645)</b>

### 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**

	2017-18 Actuals £000	2018-19 Budget £000	2018-19 Est Outturn £000	2019-20 Estimate £000	2020-21 Estimate £000	2021-22 Estimate £000	2022-23 Estimate £000	2023-24 Estimate £000
	1,400	0	1,641	0	0	0	0	0
	1,201	0	0	0	0	0	0	0
	40	0	0	0	0	0	0	0
	2,641	0	1,641	0	0	0	0	0
	(1,000)	0	(1,641)	0	0	0	0	0
<b>Balance after funding capital expenditure etc.as at 31 March</b>	<b>1,641</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Estimated shortfall at year-end to be funded from borrowing**

	<b>7,173</b>	<b>71,154</b>	<b>34,824</b>	<b>58,345</b>	<b>101,166</b>	<b>63,904</b>	<b>74,913</b>	<b>0</b>
--	--------------	---------------	---------------	---------------	----------------	---------------	---------------	----------

## GENERAL FUND CAPITAL PROGRAMME : SUMMARY OF RESOURCES AND FINANCIAL IMPLICATIONS

2017-18 Actuals £000	2018-19 Budget £000	2018-19 Est Outturn £000	2019-20 Estimate £000	2020-21 Estimate £000	2021-22 Estimate £000	2022-23 Estimate £000	2023-24 Estimate £000
<b>5.0 Housing capital receipts (pre 2013-14) - estimated availability/usage for Housing, Affordable Housing and Regeneration projects - GBC policy</b>							
Balance as at 1 April (T01008)	14,861	13,361	12,760	6,760	0	0	0
Add: Estimated receipts in year	0	0	0	0	0	0	0
Less: Applied re Housing (General Fund) capital programme	0	0	0	0	0	0	0
Less: Applied re Housing company	(2,101)	(13,361)	(6,000)	(6,760)	0	0	0
	12,760	0	6,760	0	0	0	0
Less: Applied on regeneration schemes	0	0	0	0	0	0	0
<b>Housing receipts - estimated balance in hand at year end</b>	<b>12,760</b>	<b>0</b>	<b>6,760</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

2017-18 Actuals £000	2018-19 Budget £000	2018-19 Est Outturn £000	2019-20 Estimate £000	2020-21 Estimate £000	2021-22 Estimate £000	2022-23 Estimate £000	2023-24 Estimate £000
<b>5.1 Housing capital receipts (post 2013-14) - estimated availability/usage for Housing, Affordable Housing and Regeneration projects only (statutory (impact CFR))</b>							
Balance as at 1 April (T01012)	2,938	2,428	422	0	0	0	0
Add: Estimated receipts in year	506	200	286	289	292	295	301
Less: Applied re Housing (General Fund) capital programme	0	(220)	(288)	(220)	(220)	(220)	(220)
Less: Applied re Housing Improvement programme	(3,022)	(475)	(420)	(69)	(72)	(75)	(81)
	422	1,933	0	0	0	0	0
Less: Applied on regeneration schemes	0	0	0	0	0	0	0
<b>Housing receipts - estimated balance in hand</b>	<b>422</b>	<b>1,933</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

	2017-18	2018-19	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	Total £'000s
<b>6.1 Estimated annual borrowing requirement</b>	<b>7,173</b>	<b>71,154</b>	<b>34,824</b>	<b>58,345</b>	<b>101,166</b>	<b>63,904</b>	<b>74,913</b>	<b>0</b>	<b>333,152</b>
Bids for funding (net)		0	0	0	0	0	0	0	0
<b>Total estimated borrowing requirement if all bids on Appendix 1 approved</b>		<b>71,154</b>	<b>34,824</b>	<b>58,345</b>	<b>101,166</b>	<b>63,904</b>	<b>74,913</b>	<b>0</b>	<b>333,152</b>

This page is intentionally left blank

GUILDFORD B.C. - HOUSING INVESTMENT PROGRAMME 2018-19 to 2023-24: HRA APPROVED PROGRAMME

	Project Budget £000	2017-18 Actual £000	Project Spend at 31-03-18 £000	2018-19 Estimate £000	Carry Forward	Expenditure as at 13/12/2018 £000	2018-19 Projected Outturn £000	2019-20 Est £000	2020-21 Est £000	2021-22 Est £000	2022-23 Est £000	2023-24 Est £000	Total Project Exp £000
<b>Acquisition of Land &amp; Buildings</b>	3,500	202	400	2,800	300	259	3,100	0					3,500
<b>New Build</b>													
Lakeside Close, Ash	5,100	336	4,991	0		23	22	0	0	0	0	0	5,013
Guildford Park	75	615	640	0	(565)	235	235	0	0	0	0	0	875
Appletree pub site	3,200	131	555	2,476	169	1,132	2,307	338	0	0	0	0	3,200
Slyfield Green (Corporation Club)	2,448	523	2,376	200	(128)	0	72	0	0	0	0	0	2,448
Willow Way	1,000	773	773	300	(73)	178	227	0	0	0	0	0	1,000
Garage sites-	2,500	0	0	1,100	(158)			0	0	0	0	0	0
Pond Meadow		500	500			62	314						814
Rowan Close		544	544			4	314						858
Great Goodwin Drive		513	513			420	314						827
The Homestead	500	429	429	50	21	326	71	0	0	0	0	0	500
Fire Station/Ladymead	2,000	0	0	1,800	200	109	767	1,196	25	0	0	0	1,988
Bright Hill	500	0	0	475	25	0	500	0	0	0	0	0	500
Various small sites & feasibility/Site preparation	1,000	0	0	0			0	0	0	0	0	0	1,000
<b>Schemes to promote Home-Ownership</b>													
Equity Share Re-purchases	annual	99	annual	400		143	400						annual
<b>Major Repairs &amp; Improvements</b>													
Retentions & minor carry forwards	annual	0	annual	30		0	30						annual
Kitchens & Bathrooms	annual	1,097	annual	1,025		125	967						annual
Doors and Windows	annual	203	annual	60	180	121	240						annual
Structural	annual	380	annual	1,475	225	317	1,266						annual
Energy efficiency: Central heating	annual	1,214	annual	1,155		493	1,331						annual
General	annual	1,040	annual	1,455	170	714	1,625						annual
<b>Grants</b>													
Cash Incentive Scheme	annual	0	annual	75		0	75						annual
<b>TOTAL APPROVED SCHEMES</b>	<b>21,823</b>	<b>8,600</b>	<b>11,723</b>	<b>14,876</b>	<b>366</b>	<b>4,660</b>	<b>14,177</b>	<b>1,534</b>	<b>25</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>22,525</b>

This page is intentionally left blank



**GUILDFORD B.C. - HOUSING INVESTMENT PROGRAMME 2018-19 to 2022-23: HRA PROVISIONAL PROGRAMME**

	Project Budget £000	2017-18 Actual £000	Project Spend at £000	2018-19 Estimate £000	2018-19 Projected Outturn £000	2019-20 Est £000	2020-21 Est £000	2021-22 Est £000	2022-23 Est £000	2023-24 Est £000	Total Project Exp £000
<b>Acquisition of Land &amp; Buildings</b>	6,000	0	0	0	0	0	0	0	0	0	6,000
<b>New Build</b>											
Guildford Park	16,000	0	0	4,830	422	406	6,760	7,201	26	0	14,815
Bright Hill	3,000	0	0	3,000	20	0	1,500	1,480	0	0	3,000
Slyfield (from 2022/23)	1,000	0	0	0	0	0	0	0	1,000	0	1,000
<b>Schemes to promote Home-Ownership</b>											
Equity Share Re-purchases	annual		annual			400	400	400	400	400	annual
<b>Major Repairs &amp; Improvements</b>											
Major Repairs & Improvements	annual		annual			5,500	5,500	5,500	5,500	5,500	annual
Retentions & minor carry forwards	annual		annual								annual
Modern Homes: Kitchens and bathrooms	annual		annual								annual
Doors and Windows	annual		annual								annual
Structural	annual		annual								annual
Energy efficiency: Central heating	annual		annual								annual
General	annual		annual								annual
<b>Grants</b>											
Cash Incentive Scheme	annual		annual			75	75	75	75	75	annual
<b>Total Expenditure to be financed</b>	<b>26,000</b>	<b>0</b>	<b>0</b>	<b>7,830</b>	<b>442</b>	<b>6,381</b>	<b>14,235</b>	<b>14,656</b>	<b>7,001</b>	<b>5,975</b>	<b>24,815</b>

This page is intentionally left blank

Corporate Governance and Standards Committee Report

Ward(s) affected: All

Report of Director of Finance

Author: Vicky Worsfold

Tel: 01483 444834

Email: Victoria.worsfold@guildford.gov.uk

Lead Councillor responsible: Nigel Manning

Tel: 01252 665999

Email: nigel.manning@guildford.gov.uk

Date: 17 January 2019

## **Capital and Investment Strategy 2019-20 to 2023-24**

### **Executive Summary**

This report details the Council's capital and investment strategy, including the capital programme new bids plus the requirements of the Prudential Code and the investment strategy covering treasury management investments, commercial investments plus the requirements of the Treasury Management Code and the Ministry of Housing, Communities and Local Government (MHCLG) Statutory Guidance.

### Capital Strategy

The aim of the capital strategy is to demonstrate that the Council takes capital expenditure and investment decisions in line with service objectives and properly takes account of stewardship, value for money, prudence, sustainability and affordability. The Council also needs to demonstrate that it sets out the long-term context in which capital expenditure and investment decisions are made and gives due consideration to both risk and reward and the impact on the achievement of priority outcomes.

The strategy is intended to give an overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services along with an overview of how associated risk is managed and the implications for future financial sustainability.

The Council has an ambitious Corporate Plan and in order to achieve the targets within that, we need to invest in our assets, via capital expenditure.

The Council has a current underlying need to borrow for the general fund capital programme of £333 million. Officers have put forward bids, with a net cost to the Council of £6.4 million, increasing the underlying need to borrow to £339 million should these proposals be approved for inclusion in the programme.

Some capital receipts or revenue streams may arise as a result of investment in particular schemes, but in most cases are currently uncertain and it is too early to make assumptions. Some information has been included in the capital vision highlighting the potential income. It is likely there are cash-flow implications of the development

schemes, where income will come in after the five-year time horizon and the expenditure will be incurred earlier in the programme.

All projects will be funded by general fund capital receipts, grants and contributions, reserves and finally borrowing. We do not currently know how each scheme will be funded and, in the case of development projects, what the delivery model will be – this report, shows a high-level position. To ensure the Council demonstrates that its capital expenditure plans are affordable, sustainable and prudent, we set Prudential Indicators that must be monitored each year (shown in **Appendix 1**).

The capital programme includes a number of significant regeneration schemes, which we have assumed will be financed from General Fund resources. However, subject to detailed design of the schemes, there may be scope to fund them from HRA resources rather than General Fund resources in due course. Detailed funding proposals for each scheme will be considered when the Outline Business Case for each scheme is presented to the Executive for approval.

**Appendix 2** contains a summary of the new bids submitted, **Appendices 3 to 7** show the position and profiling of the current capital programme (2018-19 to 2022-23) and **Appendix 8** the capital vision schemes.

The Capital Programme Monitoring Group, Corporate Management Team, the Lead Councillor for Finance and Asset Management, and the Joint Executive Advisory Board Budget Task Group (JEABBTG) have reviewed the bids presented in this report.

This report also includes the Council's Minimum Revenue Provision policy and the Prudential Indicators. The details are in section 5 of this report.

#### Treasury Management and treasury investment strategy

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

Officers carry out the treasury management function within the parameters set by the Council each year in **Appendix 1** to this report and in accordance with the approved treasury management practices.

The Council considers security, liquidity and yield when making treasury management decisions, across the portfolio as a whole. The security of the portfolio is the security of our capital sums, ensuring we get our money back. Liquidity is considered second to security, ensuring we can get our money, or access to cash, when we need it. Once we are comfortable with both the security and liquidity of the investment in line with a balanced portfolio, we review the return on the investment.

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

The budget for investment income in 2019-20 is £1.503 million, based on an average investment portfolio of £52.8 million, at an average rate of 3%. The budget for debt

interest paid is £5.755 million, of which £5.156 million relates to the HRA.

#### Non-financial investments and investment strategy

Councils can invest to support public services by lending to or buying shares in other organisations (service investments) or to earn investment income (commercial investments where this is the main purpose). Both of these are termed non-financial investments (i.e. not treasury management investments).

The Council has £147.412 million of investment property on its balance sheet, generating a return of £8.9 million and a current yield of 6.59%.

In 2014, the Executive endorsed a new asset investment strategy and business case to invest in new suitable properties within the borough for two major reasons. First, to increase the income generated, and, second, to stimulate and encourage business growth and development by investing in key sites for regeneration purposes. The Council's target was to increase annual income by £2 million from March 2012 to March 2018. By April 2017, it had achieved and exceeded this target.

The criteria for purchasing investment property, when originally approved were to achieve a minimum qualitative score and yield an internal rate of return (IRR) of at least 8%. It is now recommended that the IRR is changed to 5.5% due to the change in the market forces and recognition of the move to investing for strategic purposes, for example economic growth and housing and regeneration. The Council is not proposing to purchase outright investment property, but making purchases for strategic reasons. We are not looking to purchase properties outside the borough.

The Council has invested £4.501 million in our housing company – North Downs Housing (NDH). This is via 40% equity to Guildford Holdings Limited (£1.803 million) (who in turn pass the equity to NDH) and 60% loan direct to NDH (£2.698 million) at a rate of base plus 5% (currently 5.75%). The loan is a repayment loan in line with the NDH business plan – with loan repayment anticipated to start in 2021-22.

#### Flexible use of Capital Receipts policy

The Council has the option of setting a policy where it can use new capital receipts to fund revenue expenditure that will generate ongoing savings – we may use this towards the Future Guildford project.

Due to the specialised nature of treasury management and capital finance, there is a glossary of terms at **Appendix 13**.

This report will also be considered by the Joint Executive Advisory Board at its meeting on 10 January 2019 and any comments will be reported to the Committee.

#### **Recommendation to the Committee**

The Committee is invited to consider the Capital and Investment Strategy 2019-20 to 2023-24 and comment on the following recommendations to the Executive at its meeting on 22 January 2019 and to full Council at the budget meeting on 26 February 2019:

### **Recommendation to Executive**

Subject to Council approving the budget on 26 February, the Executive is asked to agree the following:

(1) That the following new capital proposals referred to in Appendix 2 to this report:

- Shalford Common – regularise car parking
- Foxenden tunnel safety works
- Holy trinity church boundary wall
- Broadwater cottage structural works

be added to the General Fund Capital programme approved list and that the relevant officer be authorised to implement the schemes.

(2) That the following new capital proposals referred to in Appendix 2 to this report

- Town centre CCTV upgrade
- High street protection
- Traveller encampments
- Access for all Ash station funding
- Capital contingency fund

be added to the General Fund Capital programme provisional list and that these schemes, subject to the limits in the Financial Procedure Rules, be subject to a further report to the Executive, before being progressed.

(3) That the following new capital proposals referred to in Appendix 2 to this report

- ICT renewals
- Future Guildford Implementation team
- MSCP repairs and maintenance

be added to the General Fund Capital Programme approved list, to be funded by reserves, and that the relevant officer be authorised to implement the schemes.

(4) That the revenue implications of the new capital schemes referred to in paragraphs (1), (2) and (3) above be implemented in the relevant years stated in the bid.

(5) That the affordability limit for schemes to be funded by borrowing be set as per para 4.32 in **Appendix 1**.

### **Recommendation to Council**

The Executive is also asked to recommend to Council:

(1) That the General Fund capital estimates, as shown in Appendices 3 and 4 (current approved and provisional schemes), as amended to include such bids as may be approved by the Executive at its meeting on 22 January 2019, Appendix 5 (schemes funded from reserves) and Appendix 6 (s106 schemes), be

approved.

- (2) That the Minimum Revenue Provision policy, referred to in section 5 of this report be approved.
- (3) That the capital and investment strategy be approved, specifically the Investment Strategy and Prudential Indicators contained within this report and Appendix 1.

Reasons for Recommendation:

- To enable the Council to approve the Capital and Investment strategy for 2019-20 to 2023-24.
- To enable the Council, at its budget meeting on 26 February 2019, to approve the funding required for the new capital investment proposals.

## **1. Purpose of Report**

- 1.1 The Local Government Act 2003 requires the Council to have regard to the CIPFA Treasury Management Code of Practice (“TM Code”), and specifically the Prudential Code when determining how much it can afford to borrow.
- 1.2 The Capital and Investment Strategy gives an overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of local public services along with an overview of how risk is managed and the implications for future financial sustainability.
- 1.3 As such, the report also invites the Council to consider the General Fund (GF) Capital Programme, and the new schemes the Council may wish or need to undertake in the next five years.
- 1.4 The Council must put aside resources where the Council finances capital expenditure by debt (internal or external borrowing), to repay that debt in later years. This cost is charged to the revenue account annually, and forms part of the Council Tax cost to taxpayers and is known as Minimum Revenue Provision (MRP). The annual MRP statement for 2019-20 is included in section 5 of this report.
- 1.5 The Council must have an approved investment strategy, and the implications associated with that detailed in the capital and investment strategy. This includes financial and non-financial assets, for example investment property and commercial activity.
- 1.6 The requirement to report in accordance with the CIPFA TM Code, and the MHCLG Investment Guidance is incorporated within this report. CIPFA also recommends the UK Money Markets Code to its members as good practice to which they should adhere.

## **2. Strategic Priorities**

- 2.1 A comprehensive and well-managed capital programme supports all the fundamental themes of the Corporate Plan and the Council’s strategic priorities.

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

### **3. Background**

- 3.1 The Local Government Act 2003 requires the Council to have regard to the CIPFA Treasury Management Code of Practice ("TM Code"), and specifically the Prudential Code when determining how much it can afford to borrow.
- 3.2 The objectives of the Prudential Code are to ensure, within a clear framework, capital expenditure plans are affordable, prudent and sustainable. This then ties treasury management in with the Prudential Code ensuring that treasury management decisions are taken in accordance with good professional practice and that capital investment decisions are taken once the Council has determined how much money it can afford to borrow for capital purposes.
- 3.3 To demonstrate that the Council has fulfilled these objectives, this report details the Prudential Indicators that must be set and monitored each year.
- 3.4 Local authorities need to have the use of sufficient capital assets to deliver their responsibilities efficiently, effectively and economically.
- 3.5 We must put aside resources where the Council finances capital expenditure by borrowing (internal or external), to repay that debt in later years. This code is charged to the revenue account annually and is known as Minimum Revenue Provision (MRP). The annual MRP statement for 2019-20 is included in section 5 of this report. There is not an earmarked reserve for MRP, it is represented in the balance sheet as increased cash.
- 3.6 The Council invests its money for three broad purposes:
- because it has surplus cash as a result of day-to-day activities, for example when income is received in advance of expenditure (treasury management investments)
  - to support local public services by lending to or buying shares in other organisations (service investments)
  - to earn investment income (commercial investments where this is the main purpose)
- 3.7 Under the CIPFA TM Code and the MHCLG Investment guidance, we are required to provide details of each of these purposes in the investment strategy.
- 3.8 The UK Money Markets Code (April 2017) is a voluntary code of practice which CIPFA recommends authorities follow as good practice. It is endorsed by the Money Markets Committee (MMC), and has been developed to provide a



- common set of principles in order to promote the integrity and effective functioning of the UK money markets.
- 3.9 It applies to the following which together constitute, for the purposes of this code, the UK Market:
- a) the execution of transactions in the deposits market
  - b) the repo market
  - c) securities lending transactions as transacted in the UK
- 3.10 The details of the principles in the Money Markets Code can be found in **Appendix 10**.

#### **4. Capital Expenditure and Financing**

- 4.1 Capital expenditure is where the Council spends money on assets, e.g. property or vehicles that will be used for more than one year. In Local Government, this includes expenditure on assets owned by other bodies, and loans or grants to other bodies enabling them to buy assets.
- 4.2 The Council has an ambitious Corporate Plan and medium to long-term aspirations within the Borough. As such, we have an approved capital programme, and ask officers to submit bids for capital funding each year covering at least a five-year period. These bids are linked to the Corporate Plan and the Council's strategic priorities, ensuring the expenditure meets the key objectives of the Council.
- 4.3 We have adopted good practice guidance as set out in the HM Treasury Green Book for Public Sector business cases in developing bids for funding and eventual business case submission for capital expenditure. This is particularly the case for projects over £1 million.

#### **Current capital programmes (Appendices 3 to 8)**

- 4.4 A copy of the current capital programme is attached at **Appendices 3 to 8**, together with a schedule of the latest resource availability for, and financing, of the programme.
- 4.5 The revised estimates for 2018-19 is the original estimate approved by Council in February 2018, plus any unspent approved expenditure from 2017-18, now planned for 2018-19, plus any amendments or additions to schemes approved during the course of the financial year.
- 4.6 Some of the schemes are funded from earmarked reserves (reserves put aside for a specific reason), and grants and contributions, for example ICT and Car Parks maintenance reserve, and s106 contributions.
- 4.7 The ICT renewals fund has been in place for many years, is well managed and supports many projects. Business cases are submitted during the budget process, and throughout the year, to the ICT manager for approval and prioritisation.

- 4.8 The actual financing of each financial years' capital programme is determined in the year in question as part of the preparation of the Council's statutory accounts preparation.
- 4.9 If we do not finance the expenditure from existing resources, for example capital receipts or reserves, it will create a borrowing requirement. If we take out physical loans to meet that borrowing requirement (replacing cash we have spent), then external borrowing is in place. If there are no physical loans then the Council has internal borrowing. This means that we are using cash relating to items in the balance sheet in the interim for capital funding purposes.
- 4.10 All projections are based on the current estimates for schemes and level of resource availability. If costs increase, and/or additional capital resources are received, the methods of financing and the level of borrowing required will vary accordingly.
- 4.11 Officers calculate the interest estimates (both investment and borrowing interest) according to planned capital expenditure. We make an assumption around actual expenditure of 50% of the provisional programme in the financial year. This also feeds into the MRP calculations, and the liability benchmark, to ensure we are not being over prudent in our budgeting.

#### **New capital schemes**

- 4.12 Service managers bid annually in September to include projects in the Council's capital programme, to be reviewed against corporate plan priorities and fundamental themes whilst having regard to our underlying need to borrow for the current capital programme and the implications for the revenue account.
- 4.13 Bids are reviewed by the Capital Programme Monitoring Group (officer group), and are then seen by CMT. The JEABBTG will see the bids from a councillor perspective and comments from that group are detailed later in the report.
- 4.14 Bids are initially placed on the provisional capital programme. All bids are then subject to a further outline business case and further approval before expenditure can be incurred on the project.
- 4.15 A summary of the new bids can be found in **Appendix 2**.
- 4.16 The Council has a current underlying need to borrow for the GF capital programme of £333 million. Officers have put forward schemes with a net cost to the Council of £6.4 million, increasing the underlying need to borrow to £339 million, should these proposals be approved for inclusion in the programme.
- 4.17 For planning purposes, we have currently assumed we will borrow internally for all schemes, but in doing so we are projecting a need to borrow externally.
- 4.18 The most economically advantageous method of financing (use of available capital resources, external borrowing or leasing) will be determined in the year(s) in which we incur the expenditure. This is part of the day-to-day treasury management activity of the Council and depends on the resources available.

- 4.19 It is important to include schemes in the provisional programme so the Council can produce a realistic five-year programme, and include the financial implications in the outline budget. It also gives councillors an indication as to what schemes are being developed, and when they may be progressed.

### **Prudential Indicators**

- 4.20 The Local Government Act 2003 requires the Council to have regard to the Prudential Code when determining how much it can afford to borrow. The objectives of the Prudential Code are:
- the expenditure plans of local authorities are affordable, prudent and sustainable
  - treasury management decisions are taken in accordance with good professional practice and in full understanding of the risks involved
  - how these risks will be managed to levels that are acceptable to the organisation
  - capital investment decisions are taken once the Council has determined how much money it can afford to borrow for a capital purpose.
- 4.21 The Prudential Code covers all capital expenditure and investment decisions and should take into account all potential long-term liabilities relevant to the authority. This includes the consideration of investments and liabilities of subsidiary companies.
- 4.22 The responsibility for decision making and ongoing monitoring in respect of capital expenditure, investment and borrowing, including Prudential Indicators, remains with full Council. However, officers present the bids to the JEABBTG, this report to the Corporate Governance and Standards Committee, the Executive and full Council, enabling a broad range of Councillor scrutiny. Monitoring is undertaken regularly by the Corporate Governance and Standards Committee.
- 4.23 The Council's capital expenditure plans are a key driver of treasury management activity. The outputs of the capital expenditure plan are reflected in prudential indicators, which are designed to assist councillors when making decisions.
- 4.24 To demonstrate we have fulfilled these objectives, the Prudential Code sets out the following indicators that must be set and monitored each year.

#### *Estimates of Capital expenditure*

- 4.25 This indicator is a summary of the Council's capital programme and financing of the programme, summarised in the table below.
- 4.26 The HRA is a ring-fenced account which ensures that council housing does not subsidise, or is itself subsidised by, other local services. HRA expenditure and financing is therefore recorded separately.

- 4.27 All capital expenditure must be financed either from external sources (e.g. grants and contributions), the Council's own resources (revenue, reserves or capital receipts), or debt (borrowing or leasing). Planned financing is shown in the table below.

<b>CAPITAL EXPENDITURE SUMMARY</b>	<b>2018-19 Approved £000</b>	<b>2018-19 Outturn £000</b>	<b>2018-19 variance £000</b>	<b>2019-20 Estimate £000</b>	<b>2020-21 Estimate £000</b>	<b>2021-22 Estimate £000</b>	<b>2022-23 Estimate £000</b>	<b>2023-24 Estimate £000</b>
<b>General Fund Capital Expenditure</b>								
- Main Programme	44,437	47,350	2,913	42,249	17,484	8,641	5,825	5,825
- Provisional schemes	50,953	2,985	(47,968)	30,171	88,402	64,983	85,788	4,820
- Schemes funded by reserves	4,351	5,540	1,189	3,849	687	500	500	0
- S106 Projects	0	350	350	0	0	0	0	0
<b>Total Expenditure</b>	<b>99,741</b>	<b>56,225</b>	<b>(43,516)</b>	<b>76,269</b>	<b>106,573</b>	<b>74,124</b>	<b>92,113</b>	<b>10,645</b>
<b>Financed by :</b>								
Capital Receipts	(5,290)	(5,726)	(436)	0	0	(4,000)	(11,200)	(10,645)
Capital Grants/Contributions	(5,465)	(2,466)	2,999	(7,145)	(4,500)	(5,500)	(5,500)	0
Capital Reserves/Revenue	(17,832)	(13,158)	4,674	(10,829)	(907)	(720)	(500)	0
Borrowing	(71,154)	(34,874)	36,280	(58,295)	(101,166)	(63,904)	(74,913)	0
<b>Financing - Totals</b>	<b>(99,741)</b>	<b>(56,225)</b>	<b>43,516</b>	<b>(76,269)</b>	<b>(106,573)</b>	<b>(74,124)</b>	<b>(92,113)</b>	<b>(10,645)</b>
<b>Housing Revenue Account Capital Expenditure</b>								
<b>Total Expenditure</b>	<b>21,970</b>	<b>14,548</b>	<b>(7,422)</b>	<b>8,095</b>	<b>13,260</b>	<b>18,176</b>	<b>14,001</b>	<b>10,275</b>
<b>Financed by :</b>								
- Capital Receipts	(4,974)	(2,984)	1,990	(6,151)	(2,586)	(4,060)	(400)	(1,690)
- Capital Reserves/Revenue	(16,996)	(11,563)	5,433	(1,944)	(10,675)	(14,116)	(13,601)	(8,585)
<b>Financing - Totals</b>	<b>(21,970)</b>	<b>(14,548)</b>	<b>7,422</b>	<b>(8,095)</b>	<b>(13,260)</b>	<b>(18,176)</b>	<b>(14,001)</b>	<b>(10,275)</b>

- 4.28 Initially we will finance capital expenditure from our own resources. If we do not have enough resources to finance all the planned expenditure, there will be an increase in the underlying need to borrow, and therefore the capital financing requirement (CFR).

- 4.29 The table above shows the majority of our capital expenditure will be financed from borrowing due to the availability of capital receipts and reserves.

*Estimates of CFR and Gross debt as shown against the CFR*

- 4.30 The Council is required to make reasonable estimates of the total CFR over at least the forthcoming year and the following two years.

- 4.31 The CFR measures the Council's underlying need to borrow for a capital purpose, and is the historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources.

- 4.32 Any estimated capital expenditure in para 4.30 which is shown to be funded from borrowing increases the CFR.

- 4.33 The CFR is the cumulative balance of unfinanced capital expenditure ("debt") less provision made for repayment of the debt, known as Minimum Revenue Provision (MRP).

- 4.34 The table below shows the Council's estimated CFR, level of reserves and borrowing to calculate the Council's overall borrowing requirement.

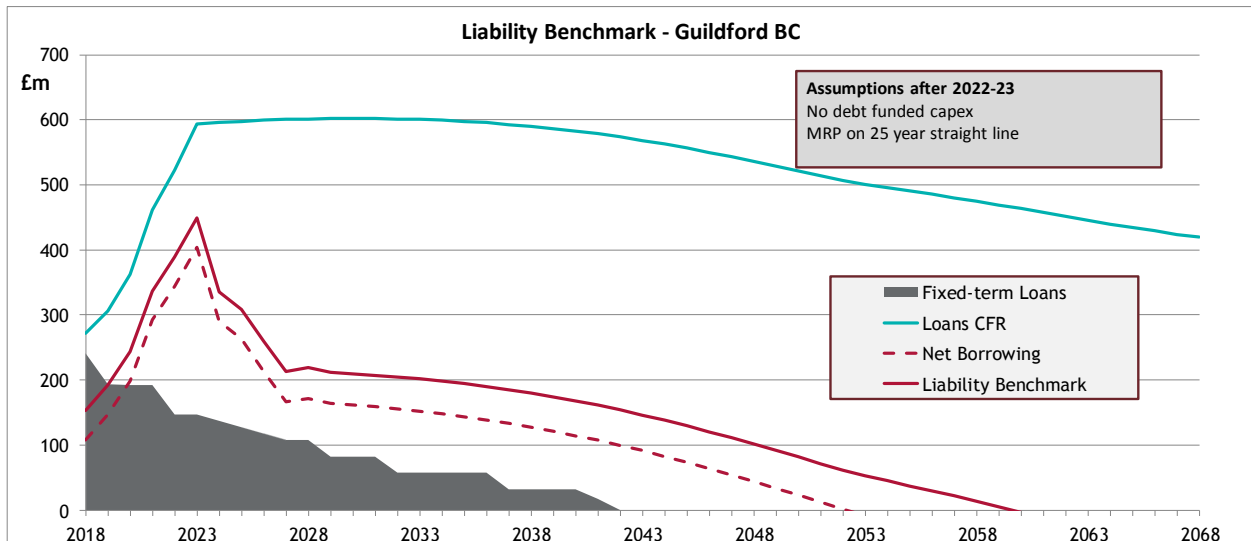
Guildford BC						
Balance Sheet Summary and Projections in £000 - last updated 12 Dec 2018						
31st March:	2018	2019	2020	2021	2022	2023
Loans Capital Financing Req.	271,443	305,522	362,851	461,889	522,635	593,203
Less: External Borrowing	(241,625)	(192,895)	(192,665)	(192,435)	(147,435)	(147,435)
<b>Internal (Over) Borrowing</b>	<b>29,818</b>	<b>112,627</b>	<b>170,186</b>	<b>269,454</b>	<b>375,200</b>	<b>445,768</b>
Less: Usable Reserves	(156,150)	(150,755)	(156,473)	(162,156)	(170,882)	(181,281)
Less: Working Capital Surplus	(7,761)	(7,761)	(7,761)	(7,761)	(7,761)	(7,761)
<b>(Investments) / New Borrowing</b>	<b>(134,093)</b>	<b>(45,889)</b>	<b>5,952</b>	<b>99,537</b>	<b>196,557</b>	<b>256,726</b>
Net Borrowing Requirement	107,532	147,006	198,617	291,972	343,992	404,161
Preferred Year-end Position	45,000	45,000	45,000	45,000	45,000	45,000
<b>Liability Benchmark</b>	<b>152,532</b>	<b>192,006</b>	<b>243,617</b>	<b>336,972</b>	<b>388,992</b>	<b>449,161</b>

Housing Revenue Account - Summary and Projections in £000						
HRA Loans CFR	197,024	197,024	197,024	197,024	197,024	197,024
HRA Reserves	(110,378)	(108,301)	(113,561)	(119,473)	(127,070)	(140,589)
HRA Working Capital	0	0	0	0	0	0
HRA Borrowing	(193,125)	(192,895)	(192,665)	(192,435)	(147,435)	(147,435)
<b>HRA Cash Balance</b>	<b>(106,479)</b>	<b>(104,172)</b>	<b>(109,202)</b>	<b>(114,884)</b>	<b>(77,481)</b>	<b>(91,000)</b>

General Fund - Summary and Projections in £000						
GF Loans CFR	74,419	108,498	165,827	264,865	325,611	396,179
GF Reserves	(45,772)	(42,454)	(42,912)	(42,683)	(43,812)	(40,692)
GF Working Capital	(7,761)	(7,761)	(7,761)	(7,761)	(7,761)	(7,761)
GF Borrowing	(48,500)	0	0	0	0	0
<b>GF Cash Balance</b>	<b>(27,614)</b>	<b>58,283</b>	<b>115,154</b>	<b>214,421</b>	<b>274,038</b>	<b>347,726</b>

- 4.35 To compare the Council's actual borrowing against an alternative strategy, a liability benchmark has been calculated showing the lowest risk level of borrowing. This assumes cash and investment balances are kept to a minimum level at the end of each year. Our minimum level has been set at £45 million.
- 4.36 The GF CFR is forecast to increase by £321 million over the period, as capital expenditure financed by borrowing is greater than resources put aside for debt repayment.
- 4.37 The HRA debt cap has now been removed. The implications of this are being worked through, and as such, the liability benchmark still currently assumes no increase in the CFR balance.
- 4.38 Debt is only a temporary source of finance (since loans and leases must be repaid), and this is, therefore, replaced over time by other financing, usually from revenue, via MRP. The Council's MRP statement is in section 5 of this report. We can also make a voluntary revenue provision if we wish.
- 4.39 Gross debt against the CFR is a key indicator of prudence. The aim is to ensure that debt does not, except in the short-term, exceed the total of the CFR in the previous year, plus the estimates of any additional CFR for the current and next two financial years. This is to ensure debt is only for a capital purpose.
- 4.40 The table above shows that debt is expected to remain below the CFR during the period shown.

4.41 The liability benchmark is also shown below in a graphical format:



4.42 The difference between the liability benchmark (solid red line) and the red dotted line is our minimum liquidity requirement of £45 million. This graph clearly shows that while the CFR is stable, based on future assumptions, the liability benchmark is reducing in line with assumed increases in reserves and MRP payments.

*Operational boundary and authorised limit for external debt*

4.43 The Council is legally required to set an annual affordable borrowing limit. This is the maximum the Council can borrow. In line with statutory guidance, a lower operational boundary is also set as a warning level should debt approach that limit.

4.44 The operational boundary is the most likely level of borrowing in year, directly linked to capital expenditure plans and the CFR and cash-flow requirements.

4.45 We set a separate limit for the HRA, which is now important to monitor due to the removal of the debt cap.

Authorised Limit for External Debt	2018-19	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
	Approved £000	Revised £000	Estimate £000	Estimate £000	Estimate £000	Estimate £000	Estimate £000
Borrowing - General Fund	368,526	158,096	231,326	324,866	392,206	467,576	475,276
Borrowing - HRA	197,024	197,024	207,024	217,024	227,024	237,024	247,024
Other Long Term Liabilities	26,000	26,000	26,000	26,000	26,000	26,000	26,000
<b>Total</b>	<b>591,550</b>	<b>381,120</b>	<b>464,350</b>	<b>567,890</b>	<b>645,230</b>	<b>730,600</b>	<b>748,300</b>

Operational Boundary of External Debt	2018-19	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
	Approved £000	Revised £000	Estimate £000	Estimate £000	Estimate £000	Estimate £000	Estimate £000
Borrowing - General Fund	312,126	113,496	170,826	269,866	330,606	401,176	403,576
Borrowing - HRA	197,024	197,024	207,024	217,024	227,024	237,024	247,024
Other Long Term Liabilities	26,000	26,000	26,000	26,000	26,000	26,000	26,000
<b>Total</b>	<b>535,150</b>	<b>336,520</b>	<b>403,850</b>	<b>512,890</b>	<b>583,630</b>	<b>664,200</b>	<b>676,600</b>

4.46 The authorised limit gives headroom for significant cash-flow movements. We are required to set a limit for other long-term liabilities, for example finance

leases. We have included £26 million for items that can be classed as a finance lease, particularly with the introduction of IFRS<sup>1</sup> 16 in April 2019.

- 4.47 Officers monitor the Council's debt level against the authorised limit on a daily basis against all items on the balance sheet (long and short-term borrowing overdrawn bank balances and long-term liabilities).

*Ratio of financing costs to net revenue stream*

- 4.48 This is an indicator of affordability and highlights the revenue implications of the capital programme, by identifying the proportion of the revenue budget required to meet financing costs associated with capital spending, net of investment income.
- 4.49 Although capital expenditure is not charged directly to the revenue account, interest payable on loans and MRP are charged, offset by any investment income receivable. The net annual charge is known as financing costs and is compared to the net revenue stream (i.e. the amount funded from Council Tax, Business Rates, and general government grants, and also for the HRA its income).
- 4.50 Due to the very long-term nature of capital expenditure and financing, the revenue budget implications of expenditure incurred in the next few years will extend for up to 50 years into the future. The Director of Finance therefore needs to be satisfied that the proposed capital programme is prudent, affordable and sustainable. This will be by looking at the overall gearing ratios, local indicators and affordability ratios/indicators.
- 4.51 If there are negative figures, it means the interest receivable is higher than interest payable.
- 4.52 The table shows the financing costs as a % of net revenue stream

	2018-19 Approved	2018-19 Outturn	2019-20 Estimate	2020-21 Estimate	2021-22 Estimate	2022-23 Estimate	2023-24 Estimate
General Fund	10.61%	0.37%	6.41%	19.22%	28.38%	43.47%	63.85%
HRA	30.13%	31.93%	32.16%	32.29%	32.24%	32.12%	32.01%

- 4.53 The GF outturn is lower than estimate because investment income is anticipated to be higher than budgeted due to more cash than expected in the year and interest paid on borrowing lower due to slippage in the capital programme and anticipated long-term loans were not taken out. The 2019-20 estimate is higher than 2018-19 outturn because of the increasing MRP and reducing cash balances. The large increase from 2020-21 relates to an increase in the MRP budget and a large increase in interest payable as external loans are taken out – a direct result of increasing capital expenditure.
- 4.54 The HRA indicator is reducing slightly because of the reducing debt interest costs as one of the Council's loans is being repaid, and interest on HRA reserves is increasing in line with expected balances in reserves.

<sup>1</sup> New lease standard which reclassifies all leases, subject to certain minimum criteria, for lessees as a finance lease, and therefore on-balance sheet. Operating leases will no longer exist for lessees.

**5. Minimum Revenue Provision (MRP)**

- 5.1 Where the Council finances capital expenditure by borrowing, the CFR will increase and we must put aside resources to repay that debt in later years, known as MRP. MRP only applies to the GF.
- 5.2 The Local Government Act 2003 requires local authorities to have regard to the MHCLG's Guidance on MRP, most recently revised in 2018.
- 5.3 The Guidance aims to ensure that debt is repaid over a period that is reasonably commensurate with that over which the capital expenditure provides benefits.
- 5.4 The Guidance recommends a maximum useful life of 50 years for all assets, unless the Council has an opinion from an appropriately qualified professional advisor that an asset will deliver service functionality for more than 50 years.
- 5.5 MRP becomes chargeable in the financial year after the expenditure is incurred or if a scheme is not complete when the asset becomes operational.
- 5.6 Based on the Council's estimate of its CFR on 31 March 2019, and unfinanced capital expenditure in 2018-19 of £110 million, the budget for MRP for 2019-20 and future years is:

2019-20	£0.966 million
2020-21	£2.127 million
2021-22	£3.158 million

- 5.7 Profiling of capital expenditure is key in determining the impact of MRP on the revenue account.

**MRP Policy**

- 5.8 The Council will use the asset life method as its main method of applying MRP, but will use the annuity method for investment property.
- 5.9 Where appropriate, for example in relation to capital expenditure on development, we may use an annuity method starting in the year after the asset becomes operational.
- 5.10 Where we acquire assets ahead of a development scheme, we will charge MRP based on the income flow of the asset or as service benefit is obtained. Therefore, where construction, major refurbishment or redevelopment of an asset occurs, we will not charge MRP during the period of construction, refurbishment or redevelopment. MRP will not be charged from the date a property is vacant (as long as the development starts within 12 months of the vacation date). MRP will be charged in the financial year after the asset has returned to operational use.
- 5.11 We will apply a life of 50 years for the purchase of land and schemes which are on land (for example transport schemes).



- 5.12 Where loans are made to other bodies for their capital expenditure, no MRP will be charged, where the other body is making principal repayments of that loan as well as interest. However, the capital receipts generated by the loan principal repayments on those loans will be put aside to reduce the CFR.
- 5.13 For investments in shares classed as capital expenditure, we will apply a life related to the underlying asset in which the share capital has been invested.
- 5.14 We will apply a prudent approach to determining which schemes are financed from capital resources and which ones will be subject to MRP. For example, we feel it is prudent to apply capital resources to those schemes that have a shorter estimated life. We will determine this annually as part of closing the accounts.
- 5.15 As a general rule, the asset life for MRP will be matched to the life used for depreciation purposes. Estimated life periods will be determined under delegated powers to the Chief Finance Officer.

## **6. Treasury Management**

- 6.1 Treasury management is concerned with keeping sufficient but not excessive cash available to meet the Council's spending needs, while managing the risks involved. Surplus cash is invested until required, while a shortage of cash will be met by borrowing, to avoid excessive credit balances or overdrafts in the bank current account.
- 6.2 The Council is typically cash rich in the short-term as revenue income is received before it is spent, but cash poor in the long-term as capital expenditure is incurred before being financed. The revenue cash surpluses are offset against capital cash shortfalls to reduce overall borrowing.
- 6.3 Decisions on treasury management investment and borrowing are made daily and are therefore delegated to the Director of Finance (s151 officer) and staff, as per the Treasury Management Practices (TMPs), who must act in line with the treasury management strategy approved by Council in February each year. Treasury management activity is presented to the Corporate Governance and Standards Committee as part of the Council's financial monitoring report throughout the year. Corporate Governance and Standards Committee is responsible for scrutinising treasury management decisions.
- 6.4 Due to past decisions, the Council currently has £193 million long-term borrowing (all related to the HRA) at an average rate of 3.16% and an investment portfolio of £110 million at an average rate of 1.3%.

### **Borrowing strategy**

- 6.5 The Council's main objectives when borrowing are to achieve a low but certain cost of finance while retaining flexibility should plans change in future. These objectives are often conflicting, and the Council therefore needs to strike a balance between cheap short-term loans and long-term fixed rate loans where the future cost is known but higher.

6.6 Statutory guidance is that debt should remain below the capital financing requirement, except in the short-term. The Liability benchmark in paragraphs 4.37 to 4.42 show that we are meeting the statutory guidance.

6.7 The detailed borrowing strategy can be found in **Appendix 1** section 5.

**Investment strategy**

6.8 Treasury investments arise from receiving cash before it is paid out again. Investments made for service reasons or for pure financial gain are not generally considered to be part of treasury management.

6.9 The contribution that treasury management investments make to the objectives of the Council is to support effective treasury management activities. Interest receipts of the council are budgeted to be £1.5 million in 2019-20.

6.10 The Council's policy on treasury management is to prioritise security over yield that is to focus on minimising risk rather than maximising returns. Cash that is likely to be spent in the near term is invested securely, for example with the government, other local authorities or selected high-quality banks to minimise the risk of loss. Money that will be held for longer-terms is invested more widely, including bonds, shares and property to balance the risk of loss against the risk of receiving returns below inflation. Both near-term and longer-term investments may be held in pooled funds, where an external manager makes decisions on which particular investments to buy and the Council may request its money back at short notice.

6.11 The Council's current portfolio is:

	March 18 Actual £'000	Nov 18 position £'000
<b>Investments</b>		
<u>Managed in-house</u>		
Call Accounts	436	1,052
Notice Accounts - UK	11,000	11,000
Money Market Funds	8,324	9,169
Temporary Fixed Deposits	35,000	11,000
Long term Fixed Deposits	16,500	21,500
Certificates of Deposit	3,000	0
Unsecured bonds	5,803	5,300
Covered Bonds	30,829	28,200
Revolving credit facility	2,500	2,500
<b>Total investments managed in-house</b>	<b>113,392</b>	<b>89,721</b>
<u>Pooled Funds</u>		
<b>Total pooled funds investments</b>	<b>20,245</b>	<b>20,287</b>
<b>Total Investments</b>	<b>133,637</b>	<b>110,008</b>

6.12 The detailed investment strategy can be found in **Appendix 1** section 5.

## **7. Asset management/Non-financial investments**

### **Property asset management**

7.1 To ensure that capital assets continue to be of use in the long-term, the Council has an asset strategy and asset management framework. These include the following objectives:

- for operational properties to operate at full potential in the delivery of services, assessing them against performance criteria and investing where necessary to ensure they remain fit for purpose and improve service capability
- for investment properties to achieve a maximum return by actively managing and reviewing properties, reduce risk, and enhance income, negotiate leases on the best possible terms, invest where necessary to retain their value and sell high cost or underperforming assets
- for all buildings to be held to a high standard of repair, by undertaking regular condition surveys and linking the output of the condition survey to an identifiable programme of works
- for all works to provide value for money by undertaking cost analysis and options appraisals to determine whether to fund capital improvements and ensure robust procedures are followed when arranging works to encourage competitive and best value pricing
- for all properties to be fully compliant with statutory requirements including health and safety and energy efficiency regulations,

### **Investments for service purposes**

7.2 The Council makes investments to assist local public services, including loans to and buying shares in local service providers, local small businesses to promote economic growth, and the Council's subsidiary companies. In light of the public service objective, the Council is willing to take more risk than with treasury investments; however, it still plans for such investments to at least break even after all costs.

7.3 Opportunities on service investments are initiated by the relevant service leader and any decisions are made by the Director of Finance. Most loans and shares are capital expenditure and purchases will therefore also be approved as part of the capital programme.

7.4 The main risk when making service loans is that the borrower will be unable to repay the principal lent and/or the interest due. One of the risks of investing in shares is that they fall in value meaning that the initial outlay may not be recovered. In order to limit this risk, and ensure that total exposure to service loans remains proportionate to the size of the Council, we will undertake independent due diligence before entering into a loan or purchasing shares.

7.5 Accounting standards require the Council to set aside loss allowance for loans, reflecting the likelihood of non-payment. The figures in the Statement of Accounts from 2018-19 will be shown net of this loss allowance. However, the

Council makes every reasonable effort to collect the full sum lent and has appropriate credit control arrangements in place to recover overdue repayments.

- 7.6 The Council invests and has purchased shares in Guildford Holdings Company (40% equity shares then transferred into North Downs Housing). A small amount has been used to purchase shares in the Guildford Credit Union (BOOM) and the Broadband for Surrey Hills (B4SH). The projected future investment in the Council's companies are detailed in the capital programme. It is not expected to increase exposure to BOOM or B4SH.

#### **Other non-treasury investments**

- 7.7 The Council had acquired its investment properties over a number of years to facilitate the economic development of the borough and generate rental income that helps support the wider financial position of the Council.
- 7.8 Until the recession in 2008, the Council achieved good investment returns on its surplus cash balances. Since then, however, falling interest rates and investment returns contributed to the pressure on its revenue budget. Combined with the budget shortfall the Council faced and the continued low return on its cash investments, plus central government financial support for local public services declining, the Council invested in new commercial property purely or mainly for financial gain, and to generate a return that can be spent on local public services.
- 7.9 By 2014, the Executive endorsed a new asset investment strategy and business case for buying assets within Guildford for two major reasons: to increase the income generated; and to stimulate and encourage business growth and sustainable development by investing in key sites for regeneration purposes. A capital budget of £25.7 million was established for further acquisitions.
- 7.10 Compared with other investment types, property is relatively difficult to sell and convert into cash at short notice, and can take a considerable amount of time to sell in certain market conditions. Therefore, the size of the investment property portfolio is compared, on a monthly basis, against the value of the Council's treasury management investments.
- 7.11 Investment property is valued at £147.4 million as per the 2017-18 Statement of Accounts, with rent receipts of £8.9 million.
- 7.12 With financial return being the main objective, the Council accepts higher risk on commercial investment properties than treasury investments. The principal risk exposures include fluctuating capital values, vacancies, tenant defaults and rising financing costs. All these factors can have an impact on the net financial return to the Council. The Council mitigates the risks through the choice of more secure property investments using the criteria described above and keeping a balanced portfolio spread across different property types. Officers prepare detailed cash flow models for each prospective investment acquisition in order to appraise the cash flow risk and the IRR of the investment.

- 7.13 In accordance with government guidance, the Council considers a property Investment to be secure if its accounting valuation is at or higher than its purchase cost including taxes and transaction costs. The Council values investment property annually.
- 7.14 If the fair value assessment of the portfolio in the accounts is at or above purchase cost, the underlying asset provides security for the capital investment. Should the valuation be lower than the purchase cost, the Council will report this in the capital and investment annual report, along with the consequences of the loss on security of investments and any revenue consequences arising.
- 7.15 Performance is also reviewed regularly throughout the year and an investment fund portfolio report submitted quarterly to the Property Review Group.
- 7.16 In accordance with the Council's Constitution, the Director of Community Services is authorised to acquire investment property up to £1 million in consultation with the Lead Councillor, where budget provision exists in the approved general fund capital programme. Investment property acquisitions must be in consultation with the Chief Finance Officer in line with the criteria set out in the asset investment strategy.
- 7.17 The Council is not intending to increase its exposure to investment property purely for financial gain, instead it has budgets in the capital programme for strategic property purchases, which may generate a financial return, in relation to its regeneration plans.
- 7.18 Whilst an expansion of the asset investment strategy is not currently on the capital programme, we do continue to consider new opportunities as they arise. For example, the Council recognises that another major industrial site is coming to the end of its physical life where our tenants want to reinvest. The Council will support redevelopment plans by tenants to improve their sites and the estate as a whole, which again may instigate capital investment by the Council alongside income generation. We also set aside proceeds from investment property sales that are not performing, to allow us to purchase new property within the Borough.

### **Liabilities**

- 7.19 On the face of the Council's balance sheet, there is £90.217 million of other long-term liabilities.
- 7.20 The Council is committed to making future payments to cover its share of the pension fund deficit - valued at £3.3 million as per the 2017-18 statement of accounts.
- 7.21 We have also set aside £6.5 million to cover risks of NDR appeals plus other smaller provisions. We have not allowed for any financial guarantees, but have identified one relating to the Electric Theatre, which will be included in the 2018-19 accounts.

- 7.22 The Council is also at risk of having to pay for levies relating to our liability for asbestos but has not put aside money into a provision because it is not yet certain. Details can be found in the 2017-18 Statement of Accounts.
- 7.23 Decisions on incurring new discretionary liabilities are taken by the relevant service leader and the Director of Finance.

### Proportionality

- 7.24 Due to the level of non-financial investments, the Council has identified the proportion of income from these types of investments against gross service expenditure.

	2017-18 Actual £000	2018-19 Outturn £000	2019-20 Budget £000	2020-21 Budget £000	2021-22 Budget £000	2022-23 Budget £000
Gross Service Expenditure	106,515		111,550	112,634	114,001	115,390
Investment property income	8,900	9,052	8,539	7,890	7,744	7,816
Treasury management income	1,853	1,976	1,503	1,488	1,509	1,322
Investment income %	10%	#DIV/0!	9%	8%	8%	8%

- 7.25 The table shows that the income from both investment property and treasury management income (“investment income”) contributes around 8% to 10% to the gross cost of services across the Council.

## 8. Flexible use of capital receipts policy

- 8.1 When a capital asset is no longer needed, it may be sold to generate a capital receipt to be spent on new assets or to repay debt. However, local authorities are also permitted to spend capital receipts on service transformation projects until 2021-22.
- 8.2 The Future Guildford project is a transformation project that falls under the remit of this flexibility. The blueprint is currently being analysed and the Managing Director will report the detailed business case at the Budget Council meeting - this report will highlight the financial information (for example planned savings) that is required as part of this policy. This policy needs to be approved by Council.
- 8.3 The recommendation in this report is to request Councillors to approve the flexible use of capital receipts policy, for the Future Guildford project, subject to the approval of the business case in February 2019, should we wish to use this flexibility.

## 9. Knowledge and Skills

- 9.1 The Council employs qualified and experienced staff in senior positions with responsibility for making capital expenditure, borrowing and investment decisions. For example the Director of Finance and Financial Services Manager (s151 and Deputy s151 respectively) are both qualified accountants with many years’ post qualification experience. The Corporate Property Manager is a qualified chartered surveyor and member of the Royal Institution of Chartered

Surveyors (RICS) as are members of the Corporate Property team. The Council pays for junior staff to study towards relevant professional qualifications including CIPFA, ACT (treasury), and RICS.

- 9.2 Where Council staff do not have the knowledge and skills required, use is made of external advisors and consultants that are specialist in their field. This approach is more cost effective than employing such staff directly, and ensures that the Council has access to knowledge and skills commensurate with its risk appetite.
- 9.3 Under the new MiFID regulations, in order for the Council to be able to “opt-up” to professional status, the Council is required to state the knowledge and skills of key staff involved in the treasury decision making – this is a mandatory criterion. Financial Institutions decide whether the Council can opt-up, and there is comfort in that where the Council is accepted as a professional client; we have the required level of skills and knowledge expected by the financial institution of key treasury staff.

## **10. Risks**

### **Capital programme**

- 10.1 Officers submit bids with a proposed timeframe for the project to be completed. This is put into the capital programme and feeds into the liability benchmark (to determine where we may need to borrow – at a high level), cash flow forecasts (projecting investment income and possible borrowing costs feeding into the medium term financial strategy) and the MRP projections (again, feeding into the medium term financial strategy).
- 10.2 The capital programme predicts the Council’s underlying need to borrow. This is the starting point to determine whether the Council needs to borrow externally, and for what period. If the profiling of the capital programme is significantly wrong, this means the Council will have budgeted less investment income, more external borrowing interest and more MRP than it needs to. All these are a cost to the revenue budget and therefore the council tax payer.
- 10.3 Officers are working to minimise this impact, and meet on a quarterly basis to review the capital programme and adjust the profiling. The medium-term financial strategy is updated continually with the latest interest and MRP projections taking account of the latest capital programme profile to ensure the most realistic position is presented in the revenue budget.

- 10.4 Slippage in the capital programme could also mean costs are higher than originally budget because of price inflation, and changing market conditions.

### **Treasury Management risks**

- 10.5 Overall responsibility for treasury management remains with the Council. Treasury management activity involves risk, and cannot be eliminated. The effective identification and management of risks are integral to the Council’s treasury management objectives.

- 10.6 Treasury management activity needs to be managed to maximise investment income and reduce debt interest whilst maintaining the Council's exposure to risk.
- 10.7 Inflation is also a key factor. Investments are made and earn a return. If inflation is high, and investment returns are low, the investment return is not keeping up with inflation and the Council is, therefore, losing money.
- 10.8 Risk indicators relating to treasury management are in **Appendix 1** section 7.

#### **Risks relating to non-financial assets**

- 10.9 There are some key identifiable risks of investing in property.
- 10.10 A downturn in the property market could lead to falling rents or higher vacancies meaning that rental income may not cover borrowing costs.
- 10.11 In addition, a downturn could lead to a fall in property values which could impact capital receipts if the Council wanted to sell the property to use the receipts for other purposes.
- 10.12 The Council mitigates these by having a diverse investment property portfolio, a review of tenant covenant strength prior to becoming a tenant, including a review of the company finances and credit checks. The Council will also request rent deposits where appropriate.

#### **11. Consultations**

- 11.1 The new capital bids have been reviewed by the JEABBTG. The details of the new bids may be viewed on the Council's website:  
<http://www2.guildford.gov.uk/councilmeetings/ieListDocuments.aspx?CId=284&MId=767&Ver=4>
- 11.2 The Lead Councillor for Finance and Asset Management supports the recommendations in this report.

#### **12. Executive Advisory Board comment**

- 12.1 The following highlights the specific comments from the JEABBTG. Where there are no comments, the bids were supported
  - Shalford Common – is the scheme necessary? 1/3 of the budget is on admin costs? Has the Parish Council been asked to contribute?
  - High Street protection – the effectiveness of the options proposed were discussed

#### **13. Equality and Diversity Implications**

- 13.1 There are no equality and diversity implications



## 14. Financial Implications

- 14.1 The financial implications are covered throughout the report, and in the appendices.
- 14.2 The budget for treasury management investment income in 2019-20 is £1.5 million, based on an average investment portfolio of £53 million, at a weighted average rate of 3%. The budget for debt interest paid is £5.75 million, of which £5.15 million relates to the HRA. If actual levels of investments and borrowing, and actual interest rates differ from those forecast, performance against budget will be correspondingly different.
- 14.3 Income from investment property is estimated to be £8.539 million in 2019-20.
- 14.4 The MRP budget is £0.966 million in 2019-20.

### Risk indicators

- 14.5 The Council has set the following quantitative indicators to allow readers to assess the total risk exposure as a result of investment decisions.

#### *Total risk exposure*

- 14.6 This indicator shows the total exposure to potential investment losses. This includes amounts the Council is contractually committed to lend but have yet to be drawn down and the guarantees the Council has issued over third party loans

Total Investment Exposure	2017-18	2018-19	2019-20
	Actual £000	Forecast £000	Forecast £000
Treasury management investments	137,460	52,801	44,200
Service investments: Loans	2,698	5,398	8,998
Service investments: Shares	1,903	3,713	6,113
Investment property	147,412	143,967	143,967
<b>Total Investments</b>	<b>289,473</b>	<b>205,879</b>	<b>203,278</b>

#### *How investments are funded*

- 14.7 Government guidance is that we should show how these investments are funded. Since the Council does not normally associate particular assets with particular liabilities, this is difficult to comply with. However, the following investments could be described as being funded by borrowing. The remainder of the Council's investments are funded by usable reserves and income received in advance of expenditure.
- 14.8 The Council is not expected to borrow externally for any of the investment exposure in the table at para 14.6, within this timeframe. The only exception in the medium term could be the service investments in shares (Guildford Holdings) and loans (North Downs Housing).

*Rate of return achieved*

- 14.9 This indicator shows the investment income received less the associated costs, including the cost of borrowing where appropriate, as a proportion of the sum initially invested. Councillors should note that due to the complex nature of the local government accounting framework, not all recorded gains and losses affect the revenue account in the year they are incurred.

Investments net rate of return	2017-18	2018-19	2019-20
	Actual £000	Forecast £000	Forecast £000
Treasury management investments	1.08%	1.17%	1.71%
Service investments: Loans	5.35%	5.63%	5.75%
Service investments: Shares	0.00%	0.00%	0.00%
Investment property			

- 14.10 Further indicators can be seen in **Appendix 1**, section 3.

**15. Legal Implications**

- 15.1 Various professional codes, statutes and guidance regulate the Council’s capital and treasury management activities. These are:

- the Local Government Act 2003 (“the 2003 Act”), provides the statutory powers to borrow and invest and prescribes controls and limits on these activities, and in particular within the Local Authority (Capital Finance and Accounting)(England) Regulations 2003
- the 2003 Act permits the Secretary of State to set limits on either the Council or nationally on all local authorities restricting the amount of borrowing which may be undertaken
- Statutory Instrument (SI) 3146 2003 (“the SI”), as amended, develops the controls and powers within the 2003 Act
- the SI requires the Council to undertake borrowing activity with regard to the Prudential Code. The Prudential Code requires indicators to be set – some of which are absolute limits – for a minimum of three forthcoming years
- the SI also requires the Council to operate the overall treasury management function with regard to the CIPFA TM Code
- under the terms of the Act, the Government issued ‘Investment Guidance’ to structure and regulate the Council’s investment activities. The emphasis of the Guidance is on the security and liquidity of investments
- Localism Act 2011

**16. Human Resource Implications**

- 16.1 Where additional resources are required to deliver schemes identified within this report, officers have included this in the bid or have submitted a revenue bid.

**17. Summary of Options**

- 17.1 Officers have detailed the options within each new capital bid.

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

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

**18. Conclusion**

18.1 The information included in this report shows the position of the current approved capital programme. Bids for future years that are viewed as essential projects have been submitted by officers.

18.2 If all schemes proceed within the timescales indicated, there will be an underlying need to borrow of £339 million by 31 March 2024.

18.3 The information in this report, and the Appendices, shows the Council has adopted the principles of best practice and complied with the relevant statute, guidance and accounting standards.

**19. Background Papers**

None

**20. Appendices**

- Appendix 1: Detailed capital and investment strategy
- Appendix 2: Schedule of new GF capital bids for 2019-20 to 2023-24
- Appendix 3: Schedule of approved GF capital programme
- Appendix 4: Schedule of provisional GF capital programme
- Appendix 5: Schedule of reserves funded capital schemes
- Appendix 6: Schedule of s106 funded schemes
- Appendix 7: Summary of resources and financial implications
- Appendix 8: Capital vision
- Appendix 9: Treasury Management Policy Statement
- Appendix 10: Money Market Code Principles
- Appendix 11: Arlingclose Economic and Interest Rate Forecast November 2019
- Appendix 12: Credit rating equivalents and definitions
- Appendix 13: Glossary

## Capital, Treasury and Investment Strategy - detail

### 1. Introduction

1.1 A capital strategy is the foundation of proper long-term planning of capital investment in assets and how it is to be delivered. It needs to link into the Council's overall corporate objectives and strategic priorities.

1.2 Council's need to invest in their assets, as they are the most valuable resource (termed as non-financial assets throughout the report).

1.3 Capital expenditure is defined as:

*"Money spent on acquiring or upgrading fixed assets, to increase the life of the asset or improve its productivity or efficiency to the organisation"*

1.4 Capital planning is about investment in assets and is, therefore, linked to asset planning. Council assets have been acquired using public money, so they have an obligation to protect the value of those assets. Failure to do this means assets will gradually deteriorate and in the long-term this puts the Council's ability to fulfil its basic responsibilities at risk.

1.5 An integral part of a capital strategy is how the programme is financed. This is inexplicitly linked to treasury management and informs the resources available for treasury investments.

1.6 Treasury management is an important part of the overall management of the Council's finances. Council's may borrow or invest for any purpose related to its functions, under any enactment, or for the purpose of the prudent management of its financial affairs.

1.7 The CIPFA definition of treasury management is:

*"the management of the organisations borrowing, investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities and the pursuit of optimum performance consistent with those risks"*

1.8 Statutory requirements, the CIPFA Code of Practice for Treasury Management in the public services (the TM Code) and the CIPFA Prudential Code regulate the Council's treasury activities.

1.9 MHCLG requires authorities to prepare an investment strategy, which comprises both treasury and non-treasury investments.

1.10 An authority invests its money for three broad purposes:

- because it has surplus cash as a result of its day-to-day activities, for example when income is received in advance of expenditure (treasury management investments)

- to support local public services by lending to or buying shares in other organisations (service investments)
- to earn investment income (commercial investments where this is the main purpose)

1.11 The Local Government Act 2003, require Local Authorities to have regard to the Prudential Code. The Prudential Code, last revised in 2017, requires Local Authorities to determine a capital strategy. The strategy is to have regard to:

Capital expenditure

- an overview of the governance process for the approval and monitoring of capital expenditure
- a long-term view of capital expenditure plans
- an overview of asset management planning
- any restrictions around borrowing or funding of ongoing capital finance

Debt and borrowing and treasury management

- a projection of external debt and use of internal borrowing to support capital expenditure
- provision for the repayment of debt over the life of the underlying asset
- authorised limit and operational boundary for the following year
- the approach to treasury management including processes ,due diligence and defining the risk appetite

Commercial activity

- the Council's approach to commercial activities, including processes, ensuring effective due diligence and defining the risk appetite including proportionality in respect of overall resources

Other long-term liabilities

- an overview of the governance process for approval and monitoring and ongoing risk management of any other financial guarantees and other long-term liabilities.

Knowledge and skills

- a summary of the knowledge and skills available to the Council and confirmation that these are commensurate with the risk appetite.

1.12 Included in these regulations and codes of practice, we are required to set Prudential and Treasury Indicators for assessing the prudence, affordability and sustainability of capital expenditure and treasury management decisions. The MHCLG investment guidance also suggest some local indicators.

1.13 The following sections of the strategy outline the Council's balance sheet and treasury position, capital expenditure and treasury management strategy.

1.14 In order to understand the context of the capital and investment strategy (where we are going and how we will get there), it is important to understand where we are now.

## 2. External Context

### Economic Background

- 2.1 The UK's progress negotiating its exit from the EU, together with its future trading arrangements, will continue to be a major influence on the Council's treasury management strategy for 2019-20.
- 2.2 UK GDP growth is slow, at an annual rate of 1.5%, which is below trend. The Bank of England, in its November Inflation Report, expects GDP growth to average around 1.75% over the forecast time horizon, providing the UK's exit from the EU is relatively smooth.
- 2.3 The headline rate of UK Consumer Price Inflation (CPI) rose to 2.4% year on year in October, slightly below the consensus forecast and the Bank of England November inflation report.
- 2.4 The labour market data is continuing to look positive. The unemployment rate fell to 4.1%, and the employment rate was 75.7% - the joint highest in record. The 3-month average annual growth rate for pay excluding bonuses was 3.3% as wages continue to steadily rise and provide some pull on general inflation. However, adjusting for inflation this means that real wages grew by 1% and likely to have little impact on household spending.
- 2.5 The US economy continues to perform robustly. The US Federal Reserve continued its' tightening throughout 2018, pushing interest rates to the current 2%-2.25% in September. Markets continue to expect another rise in December, but expectations are fading that further increases previously expected in 2019 will materialise as there are concerns over trade wars that are dragging on economic activity.

### Credit outlook

- 2.6 The big four UK banking groups have now divided their retail and investment banking divisions into separate legal entities under ring-fencing regulation. Bank of Scotland, Barclays Bank UK, HSBC UK Bank, Lloyds Bank, National Westminster Bank, Royal Bank of Scotland and Ulster Bank are the ring-fenced banks that now only conduct lower risk retail banking activities. Barclays Bank, HSBC Bank, Lloyds Bank Corporate Markets and NatWest Markets are the investment banks. Credit rating agencies have adjusted the ratings of some of these banks with the ring-fenced banks generally being better rated than their non ring-fenced banks.
- 2.7 European banks are considering their approach to Brexit, with some looking to create new UK subsidiaries to ensure they can continue to trade in the UK. The credit strength of these new - banks remains unknown, although the chance of parental support is assumed to be high if needed. The uncertainty caused by protracted negotiations between the UK and the EU is weighing on the creditworthiness of both UK and European banks with substantial operations in both jurisdictions.

### Interest rate forecast

- 2.8 Arlingclose forecast the bank rate to increase during 2019 with two 0.25% rate rises, taking the official rate to 1.25%. The Monetary Policy Committee (MPC) has maintained expectations for slow and steady rate rises over the forecast horizon. The MPC continues to have a bias towards tighter monetary policy but is reluctant to push interest rate expectations too strongly.

- 2.9 The market is assuming that a Brexit deal will be struck and some agreement will be reached on transition and future trading arrangements before the UK leaves the EU, there is a possibility of a 'no deal' Brexit hanging over the economic activity. As such, the risks to the interest rate forecasts are considered to the downside.
- 2.10 Gilt yields and therefore long-term borrowing rates have remained at low levels but some upward movement is expected due to the strength of the US economy and the European Central Bank's (ECB's) forward guidance on higher rates. 10-year and 20-year gilt yields are forecast to remain around 1.5% to 2% respectively over the interest forecast horizon, however volatility arises from both economic and economic events that are likely to mean borrowing opportunities.

### 3. Balance sheet and treasury position

#### Balance Sheet

- 3.1 The Council has a strong asset backed balance sheet

Item	Balance at 31 Mar 17			Balance at 31 Mar 18		
	£000	£000		£000	£000	
Long-term Assets	872,338			893,702		
Short-term assets	7,664			27,189		
		880,002	87%		920,891	88%
Long-term investments	45,749			34,335		
Short-term investments	82,894			94,075		
		128,643	13%		128,410	12%
<b>Total assets</b>		<b>1,008,645</b>			<b>1,049,301</b>	
Current liabilities	(26,688)			(29,796)		
Long-term liabilities	(93,449)			(90,217)		
		(120,137)	34%		(120,013)	33%
Short-term borrowing	(35,461)			(48,965)		
Long-term borrowing	(198,125)			(192,895)		
		(233,586)	66%		(241,860)	67%
<b>Total liabilities</b>		<b>(353,723)</b>			<b>(361,873)</b>	
<b>Net assets</b>		<b>654,922</b>			<b>687,428</b>	

- 3.2 The summary balance sheet shows that cash investments make up only 12% of the Council's assets, and investment property makes up 16% of the long-term assets (being £147.412 million). The largest proportion of our liabilities is long-term borrowing, which is predominately HRA debt.

#### *Financial Stability/Sustainability*

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



	2017-18 Actual (£000)	2018-19 Estimate (£000)	2018-19 Outturn (£000)	2019-20 Estimate (£000)	2020-21 Estimate (£000)	2021-22 Estimate (£000)	2022-23 Estimate (£000)	2023-24 Estimate (£000)
Total debts	361,873	570,447	396,747	455,042	556,208	620,112	695,025	695,025
Total assets	1,049,301	1,256,777	1,120,074	1,204,257	1,325,090	1,413,870	1,512,984	1,529,604
Debt Ratio %	34%	45%	35%	38%	42%	44%	46%	45%

- 3.4 This shows that our gearing is low, which is because of our strong asset base.
- 3.5 Future years' estimates are based on adding the budgeted cost of capital investment onto the assets, and adding the assumed debt funded expenditure (not external debt as shown in the liability benchmark) to the debt figure to give an idea how the financial stability of the Council will be evolving.

*Local indicators*

- 3.6 The Local Government Association (LGA) use a number of different financial indicators to assess the financial sustainability of Council's as part of their financial diagnostic tool. We have chosen to use the following as local indicators:

- Total debt as a % of long term assets
- Ratio of equity by net revenue expenditure
- Un-ringfenced reserves as a % of net revenue expenditure
- Working capital as a % of net revenue expenditure
- Short term liability pressure (short term liabilities as a % of total liabilities)
- Total investments as a % of net revenue expenditure
- Investment property as a % of net revenue expenditure

- 3.7 Suggested MHCLG local indicators are:

Indicator	Description
Debt to net service expenditure (NSE) ratio	Gross debt as a percentage of net service expenditure
Commercial income to NSE ratio	Dependence on non-fees and charges income to deliver core services. Fees and Charges are to be netted off gross service expenditure to calculate the NSE
Investment cover ratio	The total net income from property investments, compared to the interest expense
Loan to value ratio	The amount of debt compared to the total asset value
Target income returns	Net revenue income compared to equity. This is a measure of achievement of the portfolio of properties
Benchmarking of returns	As a measure against other investments and against other Council's property portfolios
Gross and net income	The income received from the investment portfolio at a gross level and net level (less costs) over time
Operating costs	The trend in operating costs of the non-financial investment portfolio over time, as the portfolio of non-investments expands

Vacancy levels and tenant exposures for non-financial investments	Monitoring vacancy levels (voids) ensure the property portfolio is being managed (including marketing and tenant relations) to ensure the portfolio is as productive as possible
---	--

### Treasury position

- 3.8 The following table shows the Council's current treasury position, which is the next step to moving forward from the balance sheet.

	March 18 Actual £'000	Nov 18 position £'000
<b>Investments</b>		
<u>Managed in-house</u>		
Call Accounts	436	1,052
Notice Accounts - UK	11,000	11,000
Money Market Funds	8,324	9,169
Temporary Fixed Deposits	35,000	11,000
Long term Fixed Deposits	16,500	21,500
Certificates of Deposit	3,000	0
Unsecured bonds	5,803	5,300
Covered Bonds	30,829	28,200
Revolving credit facility	2,500	2,500
<b>Total investments managed in-house</b>	<b>113,392</b>	<b>89,721</b>
<u>Pooled Funds</u>		
<b>Total pooled funds investments</b>	<b>20,245</b>	<b>20,287</b>
<b>Total Investments</b>	<b>133,637</b>	<b>110,008</b>
<b>Borrowing</b>		
Temporary borrowing	43,500	19,500
Long-term borrowing (PWLb)	193,125	193,010
Long-term borrowing (LAs)	5,000	0
<b>Total borrowing</b>	<b>241,625</b>	<b>212,510</b>
<b>Net investments / (borrowing)</b>	<b>(107,988)</b>	<b>(102,502)</b>

- 3.9 The table shows the position at the start of the financial year (included in the balance sheet), and the position at the end of November 2018 (the latest position).
- 3.10 Investment balances are lower, due to less temporary borrowing. The net borrowing position has decreased since March 2018 by £5.5 million because there is a net reduction in external borrowing.

## 4. Capital expenditure

- 4.1 To understand the movement in our balance sheet over the medium term, it is important to understand the anticipated capital expenditure and capital receipts over that time.
- 4.2 The Council has an ambitious Corporate Plan and medium to long-term aspirations within the Borough. There is, therefore, a number of processes in place to ensure the capital programme is approved and monitored for good governance.
- 4.3 The Council has the following parts to its capital programme:

- Capital vision
  - Approved programme
  - Provisional programme
  - Reserves funded programme
  - S106 funded programme
- 4.4 The Council splits the schemes into development and non-development (i.e. those that must be done to keep our fixed assets in an acceptable condition). This enables us to review the amount of spend on statutory items against those which we are expecting a financial return from as part of our regeneration plans.
- 4.5 The capital programme covers a 5-10 year period, with more emphasis on the first five years.
- 4.6 Any projects that are expected to be delivered after the first five years of the programme, or those where the scheme has not yet been fully identified are placed on the Council's Capital Vision. The vision enables us to model the potential financial impact of these schemes, and be aware of the potential schemes to be brought forward onto the GF capital programme in future.
- 4.7 Many of the bids in the capital programme are development projects, and their expenditure and income profile can span beyond the five-year timeframe. The Council's capital programme is therefore, a prudent one. Any income arising as a result of a development project that is outside the five years or is currently only estimated is shown in the capital vision. Any development projects will be subject to a thorough business case, which will assess the delivery model, and officers will ensure that they are financially viable before they can proceed.
- 4.8 The Council maintains a provisional programme to be able to produce a realistic five year programme, and include the financial implications in the outline budget. It also gives Councillors an indication as to what schemes are being investigated, and an indication as to when these schemes may be progressed.
- 4.9 The programme is also split between:
- a) 'essential schemes' – those schemes that need to be undertaken for statutory/compliance reasons, are required to maintain service provision at existing levels (or prevent cost escalation) or are infrastructure schemes; and
  - b) 'investment schemes' – those schemes that are for economic growth, regeneration, redevelopment and income generation purposes.
- 4.10 Type (a) 'essential schemes' often do not have cashable savings or efficiencies associated with them, but often prevent further cost escalation of services, or, in the case of infrastructure will act as a catalyst for type (b) schemes. Essential schemes often have revenue costs associated with them, particularly if funded from borrowing.
- 4.11 Type (b) 'investment schemes' are required to provide a positive or neutral impact on the Council's GF revenue account. It is envisaged that this is achieved by the revenue income generated by the completed scheme/project being greater than the capital financing costs on the GF revenue account.

Agenda item number: 8  
Appendix 1

- 4.12 Under the financial regulations, schemes that are fully funded by s106 receipts or grants and contributions can be added to the capital programme, where they have been approved by the relevant Lead Councillor and relevant Director in consultation with the Financial Services Manager.
- 4.13 During the year, the Capital Monitoring Group (CMG) meets on a quarterly basis to review the scheduling of the capital programme. The group consists of officer representatives across the Council from different departments to give a joined up approach.
- 4.14 The capital programme is also reviewed by CMT and Corporate Governance and Standards Committee (CGSC) as part of the regular financial monitoring for months 3, 6, 8, 10 and then as part of the final accounts report. Officers are proposing the timing of these reporting months are changed from 2019-20 to months 2, 4, 7, 10 and 11, to allow more regular reporting for Councillors.
- 4.15 The proposed financing of the capital programme assumed available resources will be used in the following order:
- a) capital receipts from the sale of assets (after applying the flexible use of capital receipts policy if applicable)
  - b) capital grants and contributions
  - c) earmarked reserves
  - d) the general fund capital schemes reserve
  - e) revenue contributions
  - f) internal borrowing
  - g) external borrowing
- 4.16 The actual financing of each year's capital programme is determined in the year in question, as part of the preparation of the Council's statutory accounts.
- 4.17 Capital expenditure is split between the General Fund (GF) (incorporating non-HRA housing) and HRA housing. This strategy focusses on the GF capital programme. The HRA produces its 30-year business plan that is approved by Council in February each year, shown in a separate report.
- 4.18 Our current approved capital programme, revised in year for updates in the programme, for the period is as follows:

<b>CAPITAL EXPENDITURE SUMMARY</b>	<b>2018-19 Approved £000</b>	<b>2018-19 Outturn £000</b>	<b>2018-19 variance £000</b>	<b>2019-20 Estimate £000</b>	<b>2020-21 Estimate £000</b>	<b>2021-22 Estimate £000</b>	<b>2022-23 Estimate £000</b>	<b>2023-24 Estimate £000</b>
<b>General Fund Capital Expenditure</b>								
- Main Programme	44,437	47,350	2,913	42,249	17,484	8,641	5,825	5,825
- Provisional schemes	50,953	2,985	(47,968)	30,171	88,402	64,983	85,788	4,820
- Schemes funded by reserves	4,351	5,540	1,189	3,849	687	500	500	0
- S106 Projects	0	350	350	0	0	0	0	0
<b>Total Expenditure</b>	<b>99,741</b>	<b>56,225</b>	<b>(43,516)</b>	<b>76,269</b>	<b>106,573</b>	<b>74,124</b>	<b>92,113</b>	<b>10,645</b>
<b>Financed by :</b>								
Capital Receipts	(5,290)	(5,726)	(436)	0	0	(4,000)	(11,200)	(10,645)
Capital Grants/Contributions	(5,465)	(2,466)	2,999	(7,145)	(4,500)	(5,500)	(5,500)	0
Capital Reserves/Revenue	(17,832)	(13,158)	4,674	(10,829)	(907)	(720)	(500)	0
Borrowing	(71,154)	(34,874)	36,280	(58,295)	(101,166)	(63,904)	(74,913)	0
<b>Financing - Totals</b>	<b>(99,741)</b>	<b>(56,225)</b>	<b>43,516</b>	<b>(76,269)</b>	<b>(106,573)</b>	<b>(74,124)</b>	<b>(92,113)</b>	<b>(10,645)</b>
<b>Housing Revenue Account Capital Expenditure</b>								
<b>Total Expenditure</b>	<b>21,970</b>	<b>14,548</b>	<b>(7,422)</b>	<b>7,915</b>	<b>14,260</b>	<b>14,656</b>	<b>7,001</b>	<b>5,975</b>
<b>Financed by :</b>								
- Capital Receipts	(4,974)	(2,984)	1,990	(982)	(2,886)	(3,004)	(400)	(400)
- Capital Reserves/Revenue	(16,996)	(11,563)	5,433	(6,933)	(11,375)	(11,652)	(6,601)	(5,575)
<b>Financing - Totals</b>	<b>(21,970)</b>	<b>(14,548)</b>	<b>7,422</b>	<b>(7,915)</b>	<b>(14,260)</b>	<b>(14,656)</b>	<b>(7,001)</b>	<b>(5,975)</b>

- 4.19 The programme has slipped significantly in 2018-19 – estimated expenditure on the GF of £99.7 million, has been reduced to £56.2 million. The majority of this relates to expenditure on regeneration schemes and has been moved into later years.
- 4.20 We split expenditure on housing services between the HRA and GF housing. Any expenditure that relates to the Council's own stock, or its role as a landlord, is accounted for in the HRA capital programme. All other housing related expenditure is accounted for in the GR capital programme.
- 4.21 Where direct development is concerned, we normally account for site preparation and feasibility costs in the GF programme, but construction costs, most enabling works and other costs incurred after planning approval are accounted for in the HRA capital programme. This is because we bear the preparation costs regardless of who builds the structure.

#### **New capital schemes**

- 4.22 To ensure good governance, the Council has the following process for the capital programme.
- 4.23 Each year, as part of the budget cycle, officers are asked to submit bids for capital funding covering at least a five-year period, and also for the capital vision.
- 4.24 Any projects that are expected to be delivered after the five-year period, of those where a scheme has not yet been fully identified are placed on the Council's Capital Vision <sup>1</sup>(see Appendix 8). This allows us to model the potential financial impact of these schemes, and be aware of schemes that are likely to be brought forward onto the GF capital programme in future, and start planning potential funding streams for those schemes.

<sup>1</sup> Long-term schemes identified in documents such as the Corporate Plan SCC Local Transport Plan, the Council's Regeneration Strategy, Local Plan and the emerging Infrastructure Delivery Plan.

- 4.25 Many of the bids in the programme are development projects, and their expenditure and income profile could span beyond the five-year timeframe in this report. This report, therefore, shows a prudent capital programme and any income arising as a result of a development project (either revenue or capital) that is outside of the five years or is currently only estimates, is shown on the capital vision.
- 4.26 Some capital receipts or revenue streams may arise as a result of investment in particular schemes, but in most cases are currently uncertain and it is too early to make assumptions. Some information has been included in the capital vision highlighting the potential income. It is likely there are cash-flow implications of the development schemes, where income will come in after the five-year time horizon and the expenditure will be incurred earlier in the programme.
- 4.27 Each project will require a business case, in line with guidance set out in the HM Treasury Green Book ('Green book'). The following applies:
- Projects up to £200,000 – a simple business justification case will be required to justify the spending proposal
  - Projects £200,000 and over – will require a 3-stage business case consisting of:
    - a strategic outline case (i.e. the capital bid)
    - a detailed outline business case evaluating the strategic case, economic case (including options appraisal), commercial viability, financial affordability and management case for change – this will be reported to the Executive at the point a project is asking for approval to be moved from the provisional to the approved capital programme
    - a final business case – setting out the procurement process and evaluation of tenders prior to the contractual commitment of expenditure
- 4.28 The Council has a limited amount of resources and needs to have regard to the overall affordability of the capital programme in future years. Each scheme, therefore, needs to be evaluated to ensure it meets the Council's objectives. The criteria is as follows:
- a) Each project must meet one of the five spending objectives:
    - a. Economy (invest to save, i.e. to reduce cost of services)
    - b. Efficiency (i.e. to improve throughput and unit costs)
    - c. Effectiveness (improving outcomes for the community)
    - d. Retendering to replace elements of the existing service
    - e. Statutory or regulatory compliance (i.e. H&S)
  - b) Each scheme must be assessed against the fundamental themes within the Council's Corporate Plan to show how well it contributes towards achieving the strategic objectives of the Council
  - c) Each scheme must have a cost benefit analysis, detailing the Net Present Value calculation (NPV) of both cash-flows and quantifiable economic benefits, payback period, Internal Rate of Return (IRR), Peak Debt and the assessment of its Revenue impact.
  - d) NPV is to be the most important criteria and must remain positive over a range of sensitivities for the Council to invest

- e) NPV calculation must use the recommended treasury discount rate in the Green Book, currently at 3.5%
- f) The revenue impact must be neutral or positive on the GF for all investment projects
- g) All projects should assess the qualitative benefits

- 4.29 Bids are submitted for initial review by the officer led CMG in September. Their role is to scrutinise the bids, and review them in line with the overall capital programme. CMT will then review the updated bids, along with the financial impacts and NPV scores. Once CMT are fully supportive of the bids the relevant Lead Councillor will be given a copy, and they will be presented to Councillors in the JEABBWG for review and scrutiny in November/December before being passed through the Committee Cycle and ultimately being approved at Full Council in February.
- 4.30 The Council may set an affordability limit based on what the GF can afford for implications of the capital programme (primarily MRP and borrowing interest). The idea is that where there are some essential schemes that will not generate income there is an allowance in the revenue account to accommodate the revenue impact of those.
- 4.31 This local limit is based on the maximum increase in financing costs on the GF revenue account each year to £5 per Band D property, which is the maximum amount by which the Council can raise its Band D council tax.
- 4.32 The impact is that there will be a limit to the number of Essential capital schemes (i.e. those that need to be undertaken for statutory/compliance reasons, are required to maintain service provision at existing levels or prevent cost escalation, or are infrastructure schemes). Based on an average asset life of 25 years for MRP purposes, the limit for new essential schemes to be funded by borrowing for each financial year in the capital programme will be:

	2019-20 Projection	2020-21 Projection	2021-22 Projection	2022-23 Projection	2023-24 Projection
Affordable increase in financing costs	283,977	191,681	197,895	204,719	206,882
Maximum limit on type A essential capital schemes	7,099,419	4,792,027	4,947,382	5,117,980	5,172,051

- 4.33 This limit does not apply to investment capital schemes (i.e. those that will be undertaken for economic growth, regeneration, redevelopment or income generation purposes) as these schemes are defined as those which are anticipated to have a neutral or positive impact on the GF revenue account. This means that annual savings or additional income achieved from an investment capital schemes is greater than its financing costs over a range of scenarios will generate a positive benefit to the financial sustainability of the Council. The approval of these schemes will be made on a case-by-case basis following submission of an outline business case.
- 4.34 A summary of the new bids can be seen in Appendix 2
- 4.35 Once Councillors have approved the new bids, they will be added to the provisional capital programme, unless the business case specifically recommends the scheme be implemented immediately, explaining in detail why.

Agenda item number: 8  
Appendix 1

- 4.36 Most projects over £200,000 require a further outline business case to be approved by the Executive before a project can be moved from the provisional to the approved programme, and authority is provided for officers to start implementing the project. Any project under £200,000 can be moved under delegation.
- 4.37 The table below highlights the current approved programme with the new bids submitted as part of this report

<b>CAPITAL EXPENDITURE SUMMARY</b>	<b>2018-19 Approved £000</b>	<b>2018-19 Outturn £000</b>	<b>2018-19 variance £000</b>	<b>2019-20 Estimate £000</b>	<b>2020-21 Estimate £000</b>	<b>2021-22 Estimate £000</b>	<b>2022-23 Estimate £000</b>	<b>2023-24 Estimate £000</b>
<b>General Fund Capital Expenditure</b>								
- Main Programme	44,437	47,350	2,913	42,249	17,484	8,641	5,825	5,825
- Provisional schemes	50,953	2,985	(47,968)	30,171	88,402	64,983	85,788	4,820
- Schemes funded by reserves	4,351	5,540	1,189	3,849	687	500	500	0
- S106 Projects	0	350	350	0	0	0	0	0
- New Bids (net cost)	0	0	0	1,323	131	0	0	5,000
<b>Total Expenditure</b>	<b>99,741</b>	<b>56,225</b>	<b>(43,516)</b>	<b>77,592</b>	<b>106,704</b>	<b>74,124</b>	<b>92,113</b>	<b>15,645</b>
<b>Financed by :</b>								
Capital Receipts	(5,290)	(5,726)	(436)	0	0	(4,000)	(11,200)	(10,645)
Capital Grants/Contributions	(5,465)	(2,466)	2,999	(7,145)	(4,500)	(5,500)	(5,500)	0
Capital Reserves/Revenue	(17,832)	(13,158)	4,674	(10,829)	(907)	(720)	(500)	0
Borrowing	(71,154)	(34,874)	36,280	(59,618)	(101,297)	(63,904)	(74,913)	(5,000)
<b>Financing - Totals</b>	<b>(99,741)</b>	<b>(56,225)</b>	<b>43,516</b>	<b>(77,592)</b>	<b>(106,704)</b>	<b>(74,124)</b>	<b>(92,113)</b>	<b>(15,645)</b>
<b>Housing Revenue Account Capital Expenditure</b>								
- Existing programme	21,970	14,548	(7,422)	7,915	14,260	14,656	7,001	5,975
- New Bids (net cost)	0	0	0	733	5,197	7,861	1,666	0
<b>Total Expenditure</b>	<b>21,970</b>	<b>14,548</b>	<b>(7,422)</b>	<b>8,648</b>	<b>19,457</b>	<b>22,517</b>	<b>8,667</b>	<b>5,975</b>
<b>Financed by :</b>								
- Capital Receipts	(4,974)	(2,984)	1,990	(1,226)	(4,618)	(5,625)	(955)	(400)
- Borrowing	0	0	0	(244)	(1,732)	(2,620)	(555)	0
- Capital Reserves/Revenue	(16,996)	(11,563)	5,433	(7,177)	(13,107)	(14,272)	(7,156)	(5,575)
<b>Financing - Totals</b>	<b>(21,970)</b>	<b>(14,548)</b>	<b>7,422</b>	<b>(8,648)</b>	<b>(19,457)</b>	<b>(22,517)</b>	<b>(8,667)</b>	<b>(5,975)</b>

- 4.38 The net addition of the new bids for the GF is assumed to be funded by borrowing. The HRA new bids are assumed to be funded 1/3 capital receipts, 1/3 borrowing and 1/3 capital reserves.

## 5. Treasury management, borrowing and investment strategy

- 5.1 Treasury management is the management of the Council's cash flows, borrowing and investments and the associated risks. The Council both borrows and invests substantial amounts of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of financial risk are therefore central to the Council's prudent financial management.
- 5.2 Treasury risk management at the Council is conducted within the framework of the CIPFA Treasury Management in the Public Services: Code of Practice 2017 ('TM Code') which requires the Council to approve a treasury management strategy before the start of each financial year. This report fulfils the Council's legal obligation under the Local Government Act 2003 to have regard to the TM Code.

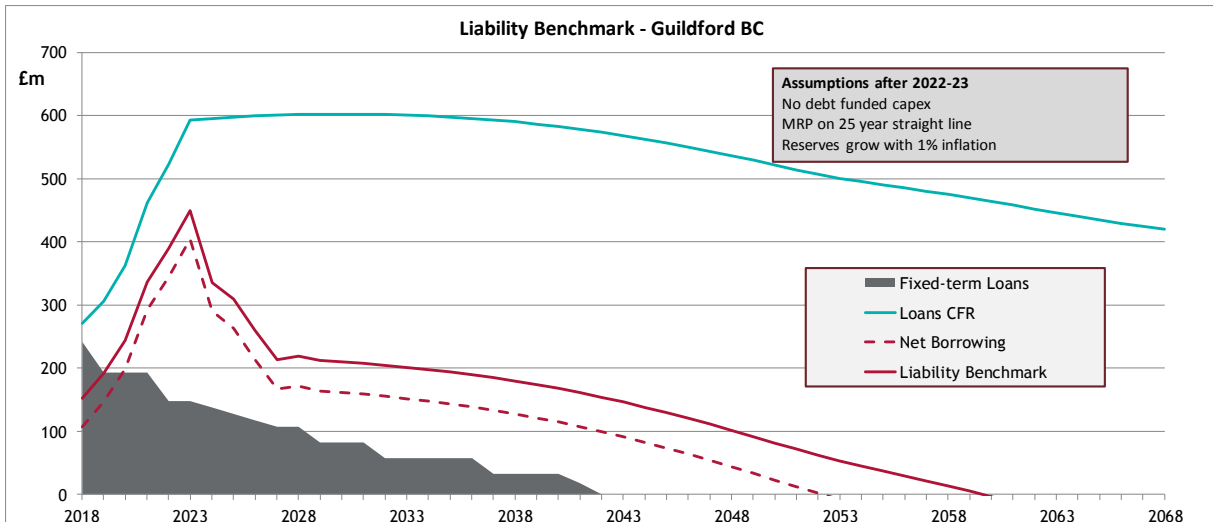


### Capital Financing Requirement (CFR)

- 5.3 With the current treasury position, and future capital expenditure plans known, we can prepare a table of the extent of our need to borrow for capital purposes (the CFR), and what we have borrowed, compared to our level (and projected level) of reserves. We split this between the HRA and the GF.
- 5.4 The CFR is derived from unfinanced capital expenditure, which arises when there are no capital receipts or reserves available to fund the capital programme.
- 5.5 The Council's investments consist of usable reserves and working capital and are the underlying resources available for investment. In the table below, we are also showing a minimum investment balance of £45 million. This represents the minimum level of cash / investments we will always maintain at any point in time, to maintain sufficient liquidity.
- 5.6 The liability benchmark assumes:
- an allowance for currently known capital expenditure, until 2023-24, and then an assumed level of £10 million per annum for general capital bids, plus anticipated capital programme and capital vision items where the costs and timings can be estimated
  - MRP has been allowed for based on the underlying need to borrow for the GF capital programme until 2023-24, and then projected forward based on the assumed level of capital expenditure with MRP over 25 years' repayment period
  - income, expenditure and reserves are updated until 2029-30, based on estimated income and expenditure and then projected forward by using 1% inflation adjustment each year to allow for transfers to reserves each year.

Guildford BC						
Balance Sheet Summary and Projections in £000 - last updated 12 Dec 2018						
31st March:	2018	2019	2020	2021	2022	2023
Loans Capital Financing Req.	271,443	305,522	362,851	461,889	522,635	593,203
Less: External Borrowing	(241,625)	(192,895)	(192,665)	(192,435)	(147,435)	(147,435)
<b>Internal (Over) Borrowing</b>	<b>29,818</b>	<b>112,627</b>	<b>170,186</b>	<b>269,454</b>	<b>375,200</b>	<b>445,768</b>
Less: Usable Reserves	(156,150)	(150,755)	(156,473)	(162,156)	(170,882)	(181,281)
Less: Working Capital Surplus	(7,761)	(7,761)	(7,761)	(7,761)	(7,761)	(7,761)
<b>(Investments) / New Borrowing</b>	<b>(134,093)</b>	<b>(45,889)</b>	<b>5,952</b>	<b>99,537</b>	<b>196,557</b>	<b>256,726</b>
Net Borrowing Requirement	107,532	147,006	198,617	291,972	343,992	404,161
Preferred Year-end Position	45,000	45,000	45,000	45,000	45,000	45,000
<b>Liability Benchmark</b>	<b>152,532</b>	<b>192,006</b>	<b>243,617</b>	<b>336,972</b>	<b>388,992</b>	<b>449,161</b>
Housing Revenue Account - Summary and Projections in £000						
HRA Loans CFR	197,024	197,024	197,024	197,024	197,024	197,024
HRA Reserves	(110,378)	(108,301)	(113,561)	(119,473)	(127,070)	(140,589)
HRA Working Capital	0	0	0	0	0	0
HRA Borrowing	(193,125)	(192,895)	(192,665)	(192,435)	(147,435)	(147,435)
<b>HRA Cash Balance</b>	<b>(106,479)</b>	<b>(104,172)</b>	<b>(109,202)</b>	<b>(114,884)</b>	<b>(77,481)</b>	<b>(91,000)</b>
General Fund - Summary and Projections in £000						
GF Loans CFR	74,419	108,498	165,827	264,865	325,611	396,179
GF Reserves	(45,772)	(42,454)	(42,912)	(42,683)	(43,812)	(40,692)
GF Working Capital	(7,761)	(7,761)	(7,761)	(7,761)	(7,761)	(7,761)
GF Borrowing	(48,500)	0	0	0	0	0
<b>GF Cash Balance</b>	<b>(27,614)</b>	<b>58,283</b>	<b>115,154</b>	<b>214,421</b>	<b>274,038</b>	<b>347,726</b>

- 5.7 The liability benchmark shows the lowest risk level of borrowing – i.e. using the Council's overall cash to fund the capital programme, and only externalising the borrowing when our minimum liquidity requirement is reached.
- 5.8 The differential between the CFR and the level of reserves is the Council's overall external borrowing need. Where the external borrowing amount is lower than the CFR, it means we have internally borrowed and used non-capital receipts and reserves to initially finance capital expenditure (i.e. the Council's overall cash). Items on the capital vision are currently excluded, mainly because the cost and/or timings of the schemes are unknown.
- 5.9 The Prudential Code recommends that the Council's total debt (external borrowing) should be lower than its forecast CFR over the next three years – in other words, not over borrowing. The table shows the Council's internal / (over) borrowing position and shows that we are expecting to comply with this recommendation.
- 5.10 The table shows our gross debt position against our CFR. This is one of the Prudential Indicators, and is a key indicator of prudence. This indicator aims to ensure that, over the medium-term, debt will only be for a capital purpose. We monitor this position and demonstrate prudence by ensuring that medium to long-term debt does not exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for the current and next two financial years (2017-18 to 2020-21). The liability benchmark is expected to increase to £449 million by March 2024.
- 5.11 The Council has an increasing CFR due to the increasing need to borrow for the GF capital programme. The increase in estimated capital spend is more than the annual MRP. We are projecting the cash balance of the Council to reduce, whilst maintaining a good level of (core) reserves over the period shown in the table.
- 5.12 HRA reserves are decreasing over the early part of the period because of the HRA plans to build new social housing. Our priority is to build new homes rather than reduce debt, although moving forward the table does not include any new borrowing, to show the true cash position of the HRA, and, therefore, the requirement to refinance borrowing.
- 5.13 GF reserves are projected to remain stable (our core cash). The CFR is increasing sharply due to the proposed capital programme. We are projecting a small need to borrow for the Council as a whole from 2019-20, based on the current profile of the capital programme. We have taken out short-term loans in the year to cover cash flow.
- 5.14 Working capital is the net of debtors and creditors we have at the end of the financial year, and will vary during the year. If we owe more money to creditors than we are owed by debtors, the working capital is a negative figure (as in the table above).
- 5.15 The liability benchmark can also be presented graphically:



5.16 The red solid line is the liability benchmark (the lowest risk strategy). If the liability benchmark line rises above the amount of loans we have (shaded area), we need to borrow externally and no longer have any internal borrowing capacity.

**Borrowing strategy**

5.17 The Council’s chief objective when borrowing money is to strike an appropriately low risk between securing low interest costs and achieving certainty of those costs over the period for which funds are required. The flexibility to renegotiate loans should the Council’s long term plans change is a secondary objective.

5.18 Given the significant cuts to public expenditure and in particular local government funding, our borrowing strategy continues to focus on affordability without compromising the longer-term stability of the debt portfolio. With short-term interest rates currently much lower than long-term rates, it is likely to be more cost effective in the short-term to either use internal resources or to borrow short-term instead.

5.19 We will not automatically externally borrow for the GF when the cash balance is negative, although we will review the position in line with our borrowing strategy and the cash position for the Council as a whole.

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

5.21 By doing this, we are able to reduce net borrowing costs (despite forgone investment income) and reduce overall treasury risk.

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

5.23 We will continue to monitor our internal borrowing position against the potential of incurring additional interest costs if we defer externalising borrowing into the future

when long-term borrowing costs are forecast to rise modestly. Arlingclose will assist us with this 'cost of carry' and breakdown analysis in line with our capital spending plans. Its output may determine whether the Council borrows additional sums at long-term fixed rates in 2019-20 with a view to keeping future interest costs low, even if this causes additional cost in the short term.

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

5.25 Its output may determine whether we arrange forward stating loans during 2019-20, where the interest is fixed in advance, but the cash is received in later years. This would enable certainty of cost to be achieved without suffering a cost of carry in the intervening period.

5.26 We may continue to borrow short-term for cash flow shortages.

*Sources of borrowing*

5.27 We will consider, but are not limited to, the following long and short term borrowing sources:

- Public Works Loans Board (PWLB) and any successor body
- any institution approved for investments
- any other bank or building society authorised to operate in the UK
- any other UK public sector body
- UK public and private sector pension funds (except the local pension fund)
- capital market bond investors
- UK Municipal Bonds Agency plc and other special purpose companies created to enable local authority bond issues

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

- leasing
- hire purchase
- sale and leaseback

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

*Municipal Bond Agency (MBA)*

5.30 UK Municipal Bonds Agency plc was established in 2014 by the Local Government Association as an alternative to the PWLB. It plans to use bonds on the capital markets and lend the proceeds to local authorities. This will be a more complicated source of finance than the PWLB because

- a) borrowing authorities will be required to provide bonds investors with a joint and several guarantee to refund their investment in the event that the agency is unable to for any reason and

- b) there will be a lead time of several months between committing to borrow and knowing the interest rate payable.

*Short-term and variable rate loans*

- 5.31 These loans leave the Council exposed to the risk of short-term interest rate rises and are therefore subject to the following interest rate exposure limits indicator, which is set to control the Council’s exposure to interest rate risk. The upper limits on the one-year revenue impact of a 1% rise or fall in interest rates will be £200,000.
- 5.32 The impact of a change in interest rates is calculated on the assumption that maturing loans and investments will be replaced at current rates.
- 5.33 We are also required to present the maturity structure of borrowing. This indicator is set to control the Council’s exposure to refinancing risk. The upper and lower limits of on the maturity structure of borrowing will be:

<b>Maturity Structure of borrowing</b>		
	<b>2019-20</b>	
	<b>Lower</b>	<b>Upper</b>
Under 12 months	0%	30.00%
1 year to 2 years	0%	20.00%
3 years to 5 years	0%	35.00%
6 years to 10 years	0%	50.00%
11 years and above	0%	100.00%

- 5.34 Time periods start on the first day of each financial year. The maturity date of borrowing is the earliest date on which the lender can demand repayment.

*Debt Rescheduling*

- 5.35 The PWLB allows local authorities to repay loans before maturity and either pay a premium or receive a discount according to a set formula based on current interest rates. Other lenders may also be prepared to negotiate premature redemption terms. The Council may take advantage of this and replace some loans with new loans, or repay loans without replacement, where this is expected to lead to an overall cost saving or a reduction in risk and where we have enough money in reserves to fund the repayment.

**Investment strategy**

- 5.36 The CIPFA TM code requires the Council to invest its funds prudently, and to have regard to the security (protecting capital sums from loss) and liquidity (keeping money readily available for expenditure when needed or having access to cash) of investments before seeking the highest rate of return, or yield. The Council’s objective when investment money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.
- 5.37 Where balances are expected to be invested for more than one year, the Council will aim to achieve a total return that is equal to or higher than the prevailing rate of inflation, in order to maintain the spending power of the sum invested.

Agenda item number: 8  
Appendix 1

- 5.38 If the UK enters into a recession in 2019-20, there is a small chance that the Bank of England could set its Bank Rate at or below zero, which is likely to feed through to negative interest rates on all low risk, short-term investment options. The situation already exists in many other European Countries. In this event, security will be measured as receiving the contractually agreed amount at maturity, even though this may be less than the amount originally invested.
- 5.39 Given the increasing risk and very low returns from short-term unsecured bank investments, the Council aims to continue to diversify into more secure and, where possible, higher yielding asset classes during 2019-20. This is especially the case for our longer-term investments. This diversification will represent a continuation of the new strategy adopted in 2015-16.
- 5.40 Diversification is key. All investments can earn extra interest, but not all investments will default. Also, to highlight the need for security and diversification it takes a long time of earning an extra 1% of interest cover to cover the 20% to 50% loss from a default. It is unlikely we will be able to move away from unsecured deposits entirely, but the less in this category and the more diversified the portfolio is the better the spread of risk.
- 5.41 Under the IRFS 9 accounting standard, the accounting of certain investments depends on the Council's 'business model' for managing them. The Council aims to achieve value from its internally managed treasury investments by a business model of collecting the contractual cash flows and, therefore, where other criteria are also met, these investments will continue to be accounted for at amortised cost.

*Counterparty limits*

- 5.42 Limits per counterparty on investments are shown in the table below:

Credit Rating	Banks - unsecured	Banks - secured	Government (incl LAs)	Corporates	Asset backed securities
<b>Specified investments</b>					
UK Government	n/a	n/a	£unlimited, 50 yrs	n/a	n/a
AAA	£6m, 5 yrs	£10m, 20 yrs	£10m, 50 yrs	£6m, 20 yrs	£6m, 20 yrs
AA+	£6m, 5 yrs	£10m, 10 yrs	£10m, 25 yrs	£6m, 10 yrs	£6m, 10 yrs
AA	£6m, 4 yrs	£10m, 5 yrs	£10m, 15 yrs	£6m, 5 yrs	£6m, 10 yrs
AA-	£6m, 3 yrs	£10m, 4 yrs	£10m, 10 yrs	£6m, 4 yrs	£6m, 10 yrs
A+	£6m, 2 yrs	£10m, 3 yrs	£6m, 5 yrs	£6m, 3 yrs	£6m, 5 yrs
A	£6m, 2 yrs	£10m, 3 yrs	£6m, 5 yrs	£6m, 2 yrs	£6m, 5 yrs
A-	£6m, 18 mths	£10m, 2 yrs	£6m, 5 yrs	£6m, 18 mths	£6m, 5 yrs
<b>Non Specified investments</b>					
BBB+	£4m, 1 yr	£5m, 1 yr	£4m, 2 yrs	£3m 2 yr	£3m, 2 yrs
None	£1m, 12 mths	n/a	£4m, 25 yrs	£6m, 5yrs	£6m, 5 yrs
Money Market Funds	£20m per fund				
Pooled funds	£10m per fund				

- 5.43 These limits are per counterparty and the higher level is the maximum. For example, we will not invest more than £10 million with a bank or group of banks, which can all be secured or a maximum of £6 million unsecured. The time limits shown are the maximum from the start of an investment, and operationally we could have a shorter duration.

- 5.44 We have set limits to try and avoid default on our investments, although this may not always be successful. By setting realistic, but prudent limits we are forcing diversification which aims to help reduce the value of a default if we are exposed to one.
- 5.45 To mitigate the risk of default, we will ensure that no more than £10 million will be invested in any one institution or institutions within the same group (other than the UK Government). A group of banks under the same ownership will be treated as a single organisation for limit purposes. Investments in pooled funds and multilateral development banks do not count against the limit for any single foreign currency, since the risk is diversified over many countries.
- 5.46 Credit rating: investment limits are set by reference to the lowest published long-term credit rating from a selection of external rating agencies. Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used. However, investment decisions are never made solely based on credit ratings, and all other relevant factors including external advice will be taken into account.
- 5.47 Banks unsecured: accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral banks. These investments re subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail.
- 5.48 Banks secured: covered bonds, reverse repurchase agreements and other collateralised arrangements with banks and building societies. These investments are secured on the banks' assets, which limited the potential losses in the unlikely event of insolvency, and means that they are exempt from bail-in. Where there is no investment specific credit rating, but the collateral upon which the investment is secured has a credit rating, the higher of the collateral credit rating and the counterparty credit rating will be used to determine cash and time limits. The combined secured and unsecured investments in any one bank will not exceed the cash limit or secured investments.
- 5.49 Government: loans, bonds and bills issued or guaranteed by national governments, regional and local authorities and multilateral development banks. These investments are not subject to bail-in, and there is generally a lower risk of insolvency, although they are not zero risk. Investments with the UK Central Government may be made in unlimited amounts for up to 50-years.
- 5.50 Corporates: loans, bonds and commercial paper issued by companies other than banks and registered providers. These investments are not subject to bail-in, but are exposed to the risk of the company going insolvent. Loans to unrated companies will only be made either following an external credit assessment or as part of a diversified pool to spread the risk widely.
- 5.51 Registered providers: loans and bonds issued by, guaranteed by or secured on the assets of registered providers of social housing and registered social landlords, formally known as housing associations. These bodies are tightly regulated by the Regulator of Social Housing (in England), the Scottish Housing Regulator, the Welsh Government and the Department for Communities (in Northern Ireland). As providers of public services, they retain the likelihood of receiving government support if needed.

- 5.52 Pooled funds: shares or units in diversified investment vehicles consisting of the any of the above investment types, plus equity shares and property. These funds have the advantage of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a fee. Short-term money market funds that offer same-day liquidity and very low or no volatility will be used as an alternative to instant access bank accounts, while pooled funds, whose value changes with market prices and/or have a notice period, will be used for longer investment periods.
- 5.53 Bond, equity and property funds offer enhanced returns over the longer-term, but are more volatile in the short-term. These allow the Council to diversify into asset classes other than cash without the need to own and manage the underlying investments. Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting our investment objectives will be monitored regularly.
- 5.54 Real estate investment trusts: shares in companies that invest mainly in real estate and pay the majority of their rental income to investors in a similar manner to pooled property funds. As with the property funds, REITs offer enhanced returns over the longer term, but are more volatile especially as the share price reflects changing demand for the shares as well as changes in the value of the underlying properties.
- 5.55 Operational bank accounts: the Council may incur operational exposures, for example, through current accounts, collection accounts and merchant acquiring services, to any UK bank with credit ratings no lower than BBB- and with assets greater than £25 billion. These are not classed as investments, but are still subject to the risk of a bank bail-in. The Bank of England has stated that in the event of failure, banks with assets greater than £25 billion are more likely to be bailed-in than made insolvent, increasing the change of the Council maintaining operational continuity.
- 5.56 HSBC are our bankers. We may place investments with them, and on occasions we may be in a position where we have received some unexpected cash, and we may, therefore, breach the unsecured limit. We would aim for this to be for as short a duration as possible.
- 5.57 In addition, we may make an investment that is defined as capital expenditure by legislation, such as company shares.
- 5.58 We may invest in investments that are termed 'alternative investments'. These include, by way of example, but are not limited to, things such as renewable energy bonds (solar farms) and regeneration bonds. These are asset backed bonds, offering good returns, and will enable the Council to enter new markets, thus furthering the diversification of our investment portfolio with secured investments and enhancing yield. Any investments entered into of this type will be subject to a full due diligence review.
- Risk and credit ratings*
- 5.59 Arlingclose obtain and monitor credit ratings and they notify us with any changed in ratings as they occur. Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:

- no new investments will be made



- any existing investments that can be recalled or sold at no cost will be, and
  - full consideration will be given to the recall or sale of all other existing investments with the affected counterparty
- 5.60 Where credit rating agencies announce that a credit rating is on review for possible downgrade (“rating watch negative” or “credit watch negative”) so that it may fall below the approved rating criteria, we will limit new investments with that organisation to overnight until the outcome of the review is announced. This policy will not apply to negative outlooks, which indicate a long-term direction of travel rather than an imminent change of rating.
- 5.61 The Council understands that credit ratings are good, but not perfect, predictors of investment default. Full regard will therefore be given to other available information on the credit quality of the institutions in which we invest, including credit default swap prices, financial statements, information on potential government support, reports in the quality financial press and analysis and advice from the Council’s treasury management and investment advisors.
- 5.62 We will not make investments with any organisation if there are substantive doubts about its credit quality, even though it may meet the above criteria.
- 5.63 When deteriorating financial market conditions affect the creditworthiness of all organisations, as happened in 2008 and 2011, this is not generally reflected in credit ratings, but can be seen in other market measures. In these circumstances, the Council will restrict its investments to those organisations of higher credit quality and reduce the maximum duration of our investments to maintain the required level of security. The extent of these restrictions will be in line with prevailing financial market conditions. If these restrictions mean that insufficient commercial organisations of high credit quality are available to meet the Council’s cash balances, then the surplus will be deposited with the UK Government via the Debt Management Office or invested in government treasury bills for example or with other local authorities. This will cause a reduction in the level of investment income earned, but will protect the principal sum invested.
- 5.64 We will measure and manage our exposure to treasury management risk by using the following indicators:
- Security: we have adopted a voluntary measure of our exposure to credit risk by monitoring the value-weighted average credit rating of our investment portfolio. This is calculated by applying a score to each investment based on credit ratings (AAA=1, AA+=2 etc.) and taking the arithmetic average, weighted by the size of each investment. Unrated investments are assigned a score based on their perceived risk. The average portfolio credit rating target is set for A for 2019-20.
  - Liquidity: we monitor our liquidity using a cash-flow system. We project forward for the financial year, and enter all known cash transactions at the beginning of the financial year and then update the position on a daily basis. This forms the basis of our investment decisions in terms of duration and value of investments made. We have set £40 million as our minimum liquidity requirement. We also have a high-level cash flow projection over four years.
- 5.65 Principal sums invested for periods longer than a year: the purpose of this indicator is to control the Council’s exposure to the risk of incurring losses by seeking early

repayment of its investments. The limits on the long-term principal sum invested to final maturities beyond the period end will be:

	2019-20 Approved	2020-21 Estimate	2022-23 Estimate	2023-24 Estimate
Upper limit for total principal sums invested for longer than a year	£50m	£50m	£40m	£30m

- 5.66 Where we invest longer-term we strike a balance between tradeable and fixed term investments. Whilst we do not enter into the tradeable deposits with the intention of selling, we are helping mitigate the risk exposure by using these types of investments so if we have a liquidity problem we can liquidate these investments prior to maturity at nil or minimal cost.

## 6. Other items

- 6.1 There are a number of additional items the Council is obliged by CIPFA and/or MHCLG to include in our strategy.

### Policy on the use of Financial Derivatives

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

### Markets in Financial Instruments Derivative

- 6.6 The Council has opted up to professional client status with its providers of financial services, allowing it to access a greater range of services but without the greater regulatory protections afforded to individuals and small companies. Given the size and range of our treasury management activities, the Chief Financial Officer believes this to be the most appropriate status.

**Policy on apportioning interest to the HRA**

- 6.7 The Council operates a two-pooled approach to its loans portfolio, which means we separate long-term HRA and GF loans.
- 6.8 Interest payable and other costs or income arising from long-term loans (for example premiums and discounts on early redemption) will be charged or credited to the respective account. Differences between the value of the HRA loans pool and the HRAs underlying need to borrow (adjusted for HRA balance sheet resources available for investment) will result in a notional cash balance, which may be positive or negative.
- 6.9 We will charge long-term loan interest on an actual basis, as incurred.
- 6.10 For notional cash balances we will apply the average DMO rate for the year. This rate is the lowest credit risk investment. We apply this because if there are any investment defaults it will be a charge to the GF, regardless of whether it was HRA cash that was lost.

This page is intentionally left blank

SCHEDULE OF GENERAL FUND CAPITAL BIDS 2019-20 TO 2023-24

Bid number	Project title	GROSS ESTIMATES						TOTAL COST £000	Third party contr £000	Specific reserves £000	General reserves/ borrowing £000
		2019-20 £000	2020-21 £000	2021-22 £000	2022-23 £000	2023-24 £000					
	<b>General fund</b>										
	<u>Approved programme</u>										
1	Shalford Common - regularising car parking and reduction of encroachments	60	61	0	0	0	121	0	0	121	
2	Foxenden tunnels safety works	110	0	0	0	0	110	0	0	110	
3	Holy Trinity Church boundary wall	63	0	0	0	0	63	0	0	63	
4	Broadwater cottage structural works	150	0	0	0	0	150	0	0	150	
	<u>Provisional programme</u>										
5	Town centre CCTV upgrade	250	0	0	0	0	250	0	0	250	
6	High Street protection	260	0	0	0	0	260	0	0	260	
7	Traveller encampments	180	70	0	0	0	250	0	0	250	
8	Access for all Ash station funding	250	0	0	0	0	250	0	0	250	
	Capital Contingency fund (annual budget)	0	0	0	0	5,000	5,000	0	0	5,000	
	<b>Total</b>	<b>1,323</b>	<b>131</b>	<b>0</b>	<b>0</b>	<b>5,000</b>	<b>6,454</b>	<b>0</b>	<b>0</b>	<b>6,454</b>	
	<b>For reserves programme (approved prog)</b>										
9	ICT renewals	1,481	50	0	0	0	1,531	0	(1,531)	0	
	Future Guildford Implementation team	1,000	1,600	0	0	0	2,600	0	(2,600)	0	
10	MSCP repairs and maintenance	593	0	0	0	0	593	0	(593)	0	
	<b>Total funded from reserves</b>	<b>3,074</b>	<b>1,650</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4,724</b>	<b>0</b>	<b>(4,724)</b>	<b>0</b>	
	<b>HRA (For information only)</b>										
11	HRA opportunity land and property acquisition	5,000	0	0	0	0	5,000	0	(5,000)	0	
12	Pipeline projects	575	1,825	3,325	1,825	1,875	9,425	0	(9,425)	0	
13	Redevelopment: Approved programme: See "Not for Publication" item	533	0	0	0	0	533	0	(533)	0	
	Redevelopment: Provisional programme: See "Not for Publication" item	0	3,197	5,861	1,066	0	10,124	0	(10,124)	0	
14	Redevelopment: Approved programme: See "Not for Publication" item	300	0	0	0	0	300	0	(300)	0	
	Redevelopment: Provisional programme: See "Not for Publication" item	0	1,000	1,500	500	0	3,000	0	(3,000)	0	
	<b>Total HRA</b>	<b>6,408</b>	<b>6,022</b>	<b>10,686</b>	<b>3,391</b>	<b>1,875</b>	<b>28,382</b>	<b>0</b>	<b>(28,382)</b>	<b>0</b>	
	<b>Gross total</b>	<b>10,805</b>	<b>7,803</b>	<b>10,686</b>	<b>3,391</b>	<b>6,875</b>	<b>39,560</b>	<b>0</b>	<b>(33,106)</b>	<b>6,454</b>	
	Funded by reserves or contributions	(9,482)	(7,672)	(10,686)	(3,391)	(1,875)	(33,106)				
	<b>Cost to the Council</b>	<b>1,323</b>	<b>131</b>	<b>0</b>	<b>0</b>	<b>5,000</b>	<b>6,454</b>				
	Already in programme	0	0	0	0	0	0				
	<b>Net addition to the programme</b>	<b>1,323</b>	<b>131</b>	<b>0</b>	<b>0</b>	<b>5,000</b>	<b>6,454</b>				
						<b>6,454</b>					

This page is intentionally left blank

GENERAL FUND CAPITAL PROGRAMME - ESTIMATED EXPENDITURE 2018-19 to 2023-24

Ref	Directorate/Service and Capital Scheme name	Approved gross estimate (a) £000	Cumulative spend at 31-03-18 (b) £000	2018-19			2019-20 Est for year (ii) £000	2020-21 Est for year (iii) £000	2021-22 Est for year (iv) £000	2022-23 Est for year (v) £000	2023-24 Est for year (v) £000	Future years est exp (g) £000	Projected expenditure total (b)+(g) = (h) £000	Grants / Contributions towards cost of scheme (i) £000	Net cost of scheme (h)-(i) = (j) £000
				Estimate approved by Council in February (c) £000	Revised estimate (d) £000	Projected exp est by project officer (f) £000									
<b>APPROVED SCHEMES</b>															
<b>COMMUNITY DIRECTORATE</b>															
<b>General Fund Housing</b>															
ED30	Home Farm, Effingham - provision of Gypsy and Traveller pitches	1,000	987	-	13	13	-	-	-	-	-	-	1,000	-	1,000
	Disabled Facilities Grants			-	605	605	605	605	605	605	605	3,025	3,630	(658)	2,972
	Better Care Fund			-	-	-	-	-	-	-	-	-	-	-	-
	Home Improvement Assistance			-	-	-	-	-	-	-	-	-	-	-	-
	Solar Energy Loans			-	-	-	-	-	-	-	-	-	-	-	-
	SHIP			-	-	-	-	-	-	-	-	-	-	-	-
	General Grants to HAs			100	100	100	100	100	100	100	500	600	-	600	
	General feasibility, site preparation costs for affordable housing			120	188	188	120	120	120	120	600	1,453	-	1,453	
	Bright Hill Car Park Site		17									-	-	-	-
	Ladymead/Fire Station site preparation		95									-	-	-	-
	Garage Sites-General		159									-	-	-	-
	Garage Sites Phase 1		5									-	-	-	-
	Guildford Park Car Park		312									-	-	-	-
	Apple Tree Pub Site		75									-	-	-	-
	Pak Barn														
	Japonica Court/Shawfield Day Centre														
ED3/15	<b>Asset Development</b> Disabled Access (DDA) Improvements: ph.2 & 3	390	348	26	42	42	-	-	-	-	-	-	390	-	390
ED14(e)	Void investment property refurbishment works	400	219	177	60	60	-	-	-	-	-	-	400	-	400
ED14	5 High Street void works		-	-	106	106									
ED14(i)	12/13 Enterprise Est void work		-	-	15	15									
ED19	Asbestos surveys and removal in non-residential council premises	158	114	42	44	44	-	-	-	-	-	-	158	-	158
ED21	Methane gas monitoring system	100	45	60	55	55	-	-	-	-	-	-	100	-	100
ED22	Energy efficiency compliance - Council owned properties	45	16	25	29	29	-	-	-	-	-	-	45	-	45
ED23	Rebuild retaining wall on Shalford Park boundary with the Old Vicarage (COMPLETE)	60	32	9	28	-	-	-	-	-	-	-	32	(16)	16
ED26	Bridges -Inspections and remedial works	317	173	200	144	144	-	-	-	-	-	-	317	-	317
ED26	Bridges - Millmead Footbridge														
ED26	Bridges - Shalford Common			-		-									
ED26	Bridges - Millmead Lattice														
ED26	Bridges - Shalford Rd/Millmead Island														
ED35	Electric Theatre - new boilers	120	-	-	120	120	-	-	-	-	-	-	120	-	120
ED41	The Billings roof	200	13	187	187	12	175	-	-	-	-	175	200	-	200
ED42	Guildford house dampproofing- removal of decayed timber panelling and mathematical tiling at high level	20	4	20	16	16	-	-	-	-	-	-	20	-	20
ED44	Broadwater cottage	74	2	64	72	72	-	-	-	-	-	-	74	-	74
ED45	Gunpowder mills - scheduled ancient monument	50	5	50	45	45	-	-	-	-	-	-	50	-	50
ED46	New House - short term works following acquisition	70	18	22	52	52	-	-	-	-	-	-	70	-	70
ED52	Chapel Street (Castle Street/Tunsgate Public Realm Scheme)	835	113	-	722	722	-	-	-	-	-	-	835	-	835
ED53	Site clearance costs ahead of sale of Burpham Court Farm Buildings	50	-	-	50	50	-	-	-	-	-	-	50	-	50
ED47	Cladding of Ash Vale units	145	-	145	145	145	-	-	-	-	-	-	145	-	145
ED55	48 Quarry Street, Museum - structural works	-	-	30	30	30	-	-	-	-	-	-	30	-	30

GENERAL FUND CAPITAL PROGRAMME - ESTIMATED EXPENDITURE 2018-19 to 2023-24

Ref	Directorate/Service and Capital Scheme name	Approved gross estimate (a) £000	Cumulative spend at 31-03-18 (b) £000	2018-19		Projected exp est by project officer (f) £000	2019-20 Est for year (ii) £000	2020-21 Est for year (iii) £000	2021-22 Est for year (iv) £000	2022-23 Est for year (v) £000	2023-24 Est for year (v) £000	Future years est exp (g) £000	Projected expenditure total (b)+(g) = (h) £000	Grants / Contributions towards cost of scheme (i) £000	Net cost of scheme (h)-(i) = (j) £000
				Estimate approved by Council in February (c) £000	Revised estimate (d) £000										
PL53	Park Barn CC LED lighting upgrade (Complete)	3	-	3	3	3	-	-	-	-	-	-	3	-	3
BS4	<b>Office Services</b> Replace Hydro Gates Toll House Hydro private wire - Tollhouse to Millmead			4	16 4	16 4	-	-	-	-	-	-	16 4	-	16 4
<b>COMMUNITY DIRECTORATE TOTAL</b>		<b>4,037</b>	<b>2,752</b>	<b>1,283</b>	<b>2,891</b>	<b>2,688</b>	<b>1,000</b>	<b>825</b>	<b>825</b>	<b>825</b>	<b>825</b>	<b>4,300</b>	<b>9,740</b>	<b>(674)</b>	<b>9,067</b>
<b>ENVIRONMENT DIRECTORATE</b>															
OP1	<b>Operational Services</b> Safer Guildford: CCTV & Lighting Strategy - Lighting Strategy phase 3 & 4	345	324	-	21	21	-	-	-	-	-	-	345	-	345
OP5	Mill Lane (Pirbright) Flood Protection Scheme	71	55	16	16	(0)	16	-	-	-	-	16	71	(19)	52
OP6	Vehicles, Plant & Equipment Replacement Programme	6,445	5,366	600	1,079	500	579	-	-	-	-	579	6,445	(26)	6,419
	Mary Road Flood (EA grant)	45	16	-	29	29	-	-	-	-	-	-	45	(45)	-
OP20	Flood resilience measures (use in conjunction with grant funded schemes)	100	-	-	-	-	100	-	-	-	-	100	100	-	100
OP22	Litter bins replacement	265	104	-	161	161	-	-	-	-	-	-	265	-	265
OP23	Flats recycling - new bins	50	39	-	11	11	-	-	-	-	-	-	50	-	50
OP25	WRD roads and footpaths	150	59	51	51	51	40	-	-	-	-	40	150	-	150
OP26	Merrow lane grille & headwall construction	60	3	52	57	57	-	-	-	-	-	-	60	-	60
OP27	Merrow & Burpham surface water study	15	-	15	15	15	-	-	-	-	-	-	15	-	15
OP28	Crown court CCTV	10	-	10	10	10	-	-	-	-	-	-	10	-	10
PL11	<b>Parks and Leisure</b> Spectrum Roof replacement	4,000	1,420	43	276	276	-	-	-	-	-	-	2,800	-	2,800
	Spectrum roof - steelwork ph2	-	407	-	-	-	-	-	-	-	-	-	-	-	-
	Spectrum roof - steelwork ph3	-	697	-	-	-	-	-	-	-	-	-	-	-	-
PL15	Infrastructure works: Guildford Commons	150	-	-	-	-	-	-	-	-	-	-	-	-	-
PL15(a)	Infrastructure works: Guildford Commons: Merrow	-	12	-	5	5	-	-	-	-	-	-	17	-	17
PL15(b)	Infrastructure works: Guildford Commons: Shalford	-	97	33	33	33	-	-	-	-	-	-	130	-	130
PL15(c)	Infrastructure works: Guildford Commons: Compton	-	3	-	-	-	-	-	-	-	-	-	3	-	3
PL20(a)	Onslow Rec play area	174	165	-	9	9	-	-	-	-	-	-	174	-	174
PL20(b)	Westnye Gardens play area	125	10	110	115	115	-	-	-	-	-	-	125	-	125
PL21	Stoke Park Tennis Courts refurbishment (COMPLETE)	90	85	-	5	5	-	-	-	-	-	-	90	-	90
PL22	Stoke Park Paddling Pool (ph1&2) (COMPLETE)	423	418	-	5	5	-	-	-	-	-	-	423	-	423
PL32	Stoke Park Bowls Club	102	112	-	(10)	2	-	-	-	-	-	-	114	(44)	70
PL34	Stoke cemetery re-tarmac	47	-	47	47	47	-	-	-	-	-	-	47	-	47
PL35	Woodbridge rd sportsground replace fencing	250	39	-	211	211	-	-	-	-	-	-	250	-	250
PL36	Stoke Park Composting facility	105	-	105	105	105	-	-	-	-	-	-	105	-	105
PL38	Chantry wood campsite	216	7	210	209	(0)	209	-	-	-	-	209	216	(116)	100
PL41	Stoke pk office accomodation & storage buildings (Greenhouse)Complete	65	74	-	(9)	2	-	-	-	-	-	-	76	-	76
PL42	Pre-sang costs	100	19	79	81	81	-	-	-	-	-	-	100	-	100
PL43	Stoke Cemetery Chapel - phase 2	75	7	72	68	68	-	-	-	-	-	-	75	-	75
PL46	Replace Stoke Park gardens attendant hut/Visitor information point ( COMPLETE)	143	14	80	128	128	-	-	-	-	-	-	143	-	143
PL47	Wall repairs for parks, cemeteries & recreation facilities	195	10	180	185	185	-	-	-	-	-	-	195	-	195
PL48	Bellfields Community Centre - Subsidence Repairs	60	3	49	57	57	-	-	-	-	-	-	60	-	60
PL50	Countryside fence replacement	97	64	47	33	33	-	-	-	-	-	-	97	-	97
PL52	Sutherland Memorial Park LED lighting for courts/football pitch	25	-	-	25	25	-	-	-	-	-	-	25	-	25
PL53	New War Memorial	50	16	-	34	34	-	-	-	-	-	-	50	-	50
ED18	Museum and castle development	267	3	164	264	264	-	-	-	-	-	-	267	-	267
PL57	Parks and Countryside - repairs and renewal of paths,roads and car parks	100	-	100	100	100	-	-	-	-	-	-	100	-	100
PL24	Kings college astro turf	120	-	120	120	120	-	-	-	-	-	-	120	-	120
	<b>Economic Development</b>														
	Broadband for Surrey Hills				10	10							10	-	10



GENERAL FUND CAPITAL PROGRAMME - ESTIMATED EXPENDITURE 2018-19 to 2023-24

Ref	Directorate/Service and Capital Scheme name	Approved gross estimate (a) £000	Cumulative spend at 31-03-18 (b) £000	2018-19		Projected exp est by project officer (f) £000	2019-20 Est for year (ii) £000	2020-21 Est for year (iii) £000	2021-22 Est for year (iv) £000	2022-23 Est for year (v) £000	2023-24 Est for year (v) £000	Future years est exp (g) £000	Projected expenditure total (b)+(g) = (h) £000	Grants / Contributions towards cost of scheme (i) £000	Net cost of scheme (h)-(i) = (j) £000
				Estimate approved by Council in February (c) £000	Revised estimate (d) £000										
<b>ENVIRONMENT TOTAL DIRECTORATE</b>		<b>14,535</b>	<b>9,648</b>	<b>2,183</b>	<b>3,556</b>	<b>2,775</b>	<b>944</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>944</b>	<b>13,368</b>	<b>(250)</b>	<b>13,118</b>
<b>FINANCE DIRECTORATE</b>															
FS1	Financial Services Capital contingency fund	annual	-	5,000	3,074	3,074	5,000	5,000	5,000	5,000	5,000	25,000	28,074	-	28,074
<b>RESOURCES DIRECTORATE TOTAL</b>		<b>0</b>	<b>0</b>	<b>5,000</b>	<b>3,074</b>	<b>3,074</b>	<b>5,000</b>	<b>5,000</b>	<b>5,000</b>	<b>5,000</b>	<b>5,000</b>	<b>25,000</b>	<b>28,074</b>	<b>0</b>	<b>28,074</b>
<b>DEVELOPMENT/INCOME GENERATING/COST REDUCTION PROJECTS</b>															
<b>COMMUNITY DIRECTORATE</b>															
ED25	Guildford Park - new MSCP and infrastructure works	6,500	1,118	4,497	4,768	1,259	3,509	-	-	-	-	3,509	6,500	-	6,500
	Guildford Park - Housing for private sale		614			-									
	Investment in North Downs Housing (60%)	15,180	2,698	12,840	12,482	2,700	3,600	4,500	1,682	-	-	9,782	15,180	-	15,180
	Equity shares in Guildford Holdings Ltd (40%)	10,120	1,803	8,560	8,317	1,800	2,400	3,000	1,117	-	-	6,517	10,120	-	10,120
ED49	Middleton Ind Est Redevelopment	3,850	36	1,637	1,801	1,801	2,013	-	-	-	-	2,013	3,850		3,850
<b>ENVIRONMENT DIRECTORATE</b>															
P5	Walnut Bridge replacement	3,341	896	1,026	2,445	533	801	1,094	17	-	-	1,912	3,341	(1,226)	2,115
PL9	Rebuild Crematorium	11,732	560	10,335	5,000	5,000	6,172	-	-	-	-	6,172	11,732	-	11,732
PL25	Spectrum Combined Heat and Power (GF contr)	1,110	216	-	651	651	-	-	-	-	-	-	867	-	867
PL29	Woodbridge Rd sportsground	1,900	1,918	-	(18)	(18)	-	-	-	-	-	-	1,900	(746)	1,154
<b>PLANNING &amp; REGENERATION DIRECTORATE</b>															
ED32	Internal Estate Road - CLLR Phase 1	11,139	1,173	4,339	4,966	3,466	6,500	-	-	-	-	6,500	11,139	(1,000)	10,139
ED6	Slyfield Area Regeneration Project (SARP)	5,225	1,252	900	1,632	1,632	2,341	-	-	-	-	2,341	5,225	-	5,225
ED27	North Street Development / Guild Town Centre regeneration	977	721	337	256	256	-	-	-	-	-	-	977	(50)	927
P9c	TCMP Sites U: Bedford Rd Wharf	15,576	-	-	1,400	15,576	-	-	-	-	-	-	15,576	-	15,576
P9c(a)	Walnut Bridge Land Acquisition		9		491	491							500	-	500
P9c	Town Centre Gateway Regeneration	3,523	11	-	(11)	(11)	3,523	-	-	-	-	3,523	3,523	-	3,523
	SMC(West) Phase 1	3,850		850	850	802	1,383	1,665				3,048	3,850	(2,725)	1,125
P16	A331 hotspots	3,930	-	300	300	300	2,230	1,400	-	-	-	3,630	3,930	(1,965)	1,965
P14	Town Centre Approaches	1,033	-	200	200	200	833	-	-	-	-	833	1,033	(700)	333
P12	Strategic property acquisitions - 23 Woodbridge Meadows	830	-	-	830	830	-	-	-	-	-	-	830	-	830
P13	Strategic property acquisitions - 41 Moorfield Road	1,544	-	-	1,544	1,544	-	-	-	-	-	-	1,544	-	1,544
<b>DEVELOPMENT/INCOME GENERATING/COST REDUCTION</b>		<b>101,359</b>	<b>13,024</b>	<b>45,821</b>	<b>47,904</b>	<b>38,812</b>	<b>35,305</b>	<b>11,659</b>	<b>2,816</b>	<b>0</b>	<b>0</b>	<b>49,780</b>	<b>101,616</b>	<b>(8,413)</b>	<b>93,203</b>
<b>APPROVED SCHEMES TOTAL</b>		<b>119,931</b>	<b>25,425</b>	<b>54,287</b>	<b>57,426</b>	<b>47,350</b>	<b>42,249</b>	<b>17,484</b>	<b>8,641</b>	<b>5,825</b>	<b>5,825</b>	<b>80,024</b>	<b>152,798</b>	<b>(9,336)</b>	<b>143,462</b>
non-development projects total		18,571	12,401	8,466	9,522	8,538	6,944	5,825	5,825	5,825	5,825	30,244	51,182	(924)	50,259

This page is intentionally left blank

GENERAL FUND CAPITAL PROGRAMME - ESTIMATED EXPENDITURE 2018-19 to 2023-24

Ref	Directorate / Service Units Capital Schemes	Gross estimate approved by Executive (a)	Cumulative spend at 31-03-18 (b)	2018-19		Projected exp est by project officer (g)	2019-20 Est for year (i)	2020-21 Est for year (ii)	2021-22 Est for year (iii)	2022-23 Est for year (iv)	2023-24 Est for year (v)	Future years estimated expenditure (h)	Projected expenditure total (b) to (g)=(l) (l)	Grants or Contributions towards cost of scheme (j)	Net total cost of scheme to the Council (i) - (j) = (k) (k)
				Estimate approved by Council in February (c)	Revised estimate (e)										
		£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>PROVISIONAL SCHEMES (schemes approved in principle; further report to the Executive required)</b>															
<b>COMMUNITY DIRECTORATE</b>															
<b>General Fund Housing</b>															
CM1(p)	Old Manor House - replacement windows	193	-	193	193	96	97	-	-	-	-	97	193	-	193
<b>Asset Development</b>															
ED14(P)	Void investment property refurbishment works	300	-	200	200	-	300	-	-	-	-	300	300	-	300
ED18(P)	Guildford Museum	6,395	-	185	185	185	180	6,030	-	-	-	6,210	6,395	-	6,395
ED21(P)	Methane gas monitoring system	150	-	150	150	50	100	-	-	-	-	100	150	-	150
ED22(P)	Energy efficiency compliance - Council owned properties	1,150	-	1,150	1,150	-	1,150	-	-	-	-	1,150	1,150	-	1,150
ED26(P)	Bridges	370	-	270	370	370	-	-	-	-	-	-	370	-	370
ED45(P)	Gunpowder mills - scheduled ancient monument	172	-	172	172	-	172	-	-	-	-	172	172	-	172
ED48(p)	Westfield/Moorfield rd resurfacing	3,152	-	3,152	3,152	-	3,152	-	-	-	-	3,152	3,152	-	3,152
ED51(p)	Exhibition lighting at Guildford House	50	-	50	50	50	-	-	-	-	-	-	50	-	50
ED52(p)	Chapel Street (Castle Street/Tunsgate Public Realm Scheme)	1,165	-	1,150	1,165	-	1,165	-	-	-	-	1,165	1,165	-	1,165
ED53(p)	Tying Farm Land-removal of barns and concrete hardstanding	250	-	250	250	250	-	-	-	-	-	-	250	-	250
ED54(p)	Rodboro Buildings - electric theatre through road and parking	450	-	450	450	-	450	-	-	-	-	450	450	-	450
ED55(p)	48 Quarry Street, Museum - structural works	220	-	-	-	-	220	-	-	-	-	220	220	-	220
ED56(p)	Land to the rear of 39-42 Castle Street	10	-	10	10	-	10	-	-	-	-	10	10	-	10
PL53(p)	Park Barn CC LED lighting upgrade (Complete)	19	-	19	19	19	-	-	-	-	-	-	19	-	19
PL54(p)	Shawfield DC - fire alarm system and LED lighting upgrade	83	-	83	83	-	83	-	-	-	-	83	83	-	83
<b>Office Services</b>															
CD3(P)	Renewables	65	-	65	65	65	-	-	-	-	-	-	65	-	65
BS3(p)	Millmead House - M&E plant renewal	33	-	33	33	33	-	-	-	-	-	-	33	-	33
BS4(p)	Hydro private wire - Tollhouse to Millmead	85	-	82	82	82	-	-	-	-	-	-	82	-	82
<b>COMMUNITY DIRECTORATE TOTAL</b>		<b>14,312</b>	<b>-</b>	<b>7,664</b>	<b>7,779</b>	<b>1,200</b>	<b>7,079</b>	<b>6,030</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13,109</b>	<b>14,309</b>	<b>-</b>	<b>14,309</b>
<b>ENVIRONMENT DIRECTORATE</b>															
<b>Operational Services</b>															
OP5(P)	Mill Lane (Pirbright) Flood Protection Scheme	200	-	200	200	-	200	-	-	-	-	200	200	(20)	180
OP6(P)	Vehicles, Plant & Equipment Replacement Programme	5,000	-	-	-	-	-	5,000	-	-	-	5,000	5,000	-	5,000
OP17(P)	New vehicle washing system	155	0	155	155	155	-	-	-	-	-	-	155	-	155
OP21(P)	Surface water management plan	200	-	200	200	-	200	-	-	-	-	200	200	-	200
<b>Parks and Leisure</b>															
PL16(P)	New burial grounds - acquisition & development	7,834	33	2,508	2,501	-	2,501	5,300	-	-	-	7,801	7,834	-	7,834
PL18(P)	Refurbishment / rebuild Sutherland Memorial Park Pavilion	150	-	150	150	-	150	-	-	-	-	150	150	-	150
PL20(P)	Council owned playground refurbishment	320	-	200	200	-	320	-	-	-	-	320	320	-	320
PL21(P)	Council tennis courts refurbishment	155	-	155	155	155	-	-	-	-	-	-	155	(10)	145
PL39(P)	Aldershot rd allotment expansion & improvement	200	-	200	200	200	-	-	-	-	-	-	200	-	200
PL41(P)	Stoke pk office accomodation & storage buildings	665	-	665	665	-	665	-	-	-	-	665	665	-	665
PL44(p)	Sutherland memorial park all weather courts new posts and barriers	25	-	-	25	25	-	-	-	-	-	-	25	-	25
PL45(p)	Stoke Pk gardens water feature refurb	81	-	81	81	81	-	-	-	-	-	-	81	(59)	22
PL49(p)	Resurface Lido Rd CP	100	-	100	100	100	-	-	-	-	-	-	100	-	100
PL52(p)	Sutherland Memorial Park LED lighting	10	-	10	10	10	-	-	-	-	-	-	10	-	10
PL55(p)	Stoke Memorial Park - electrical works	39	-	39	39	39	-	-	-	-	-	-	39	-	39
PL56(p)	Stoke Park Masterplan enabling costs	500	-	100	100	100	100	150	-	150	-	400	500	-	500
PL57(p)	Parks and Countryside - repairs and renewal of paths,roads and car parks	1,800	-	200	200	200	400	400	400	400	-	1,600	1,800	-	1,800
PL58(p)	Sports pavillions - replace water heaters	154	-	154	154	154	-	-	-	-	-	-	154	-	154

GENERAL FUND CAPITAL PROGRAMME - ESTIMATED EXPENDITURE 2018-19 to 2023-24

Ref	Directorate / Service Units Capital Schemes	Gross estimate approved by Executive (a) £000	Cumulative spend at 31-03-18 (b) £000	2018-19		Projected exp est by project officer (g) £000	2019-20 Est for year (i) £000	2020-21 Est for year (ii) £000	2021-22 Est for year (iii) £000	2022-23 Est for year (iv) £000	2023-24 Est for year (v) £000	Future years estimated expenditure (h) £000	Projected expenditure total (b) to (g)=(i) £000	Grants or Contributions towards cost of scheme (j) £000	Net total cost of scheme to the Council (i) - (j) = (k) £000
				Estimate approved by Council in February (c) £000	Revised estimate (e) £000										
PL59(p)	Millmead fish pass	60	-	-	-	-	60	-	-	-	-	60	60	-	60
<b>ENVIRONMENT DIRECTORATE TOTAL</b>		<b>17,648</b>	<b>34</b>	<b>5,117</b>	<b>5,135</b>	<b>1,219</b>	<b>4,596</b>	<b>10,850</b>	<b>400</b>	<b>550</b>	<b>-</b>	<b>16,396</b>	<b>17,648</b>	<b>(89)</b>	<b>17,559</b>
<b>DEVELOPMENT/INCOME GENERATING/COST REDUCTION PROJECTS</b>															
<b>COMMUNITY DIRECTORATE</b>															
ED25(P)	Guildford Park new MSCP and infrastructure works	23,125	-	18,625	18,625	-	4,380	11,625	7,120	-	-	23,125	23,125	-	23,125
	Investment in North Downs Housing	30,100	-	-	-	-	-	-	5,518	12,539	-	18,057	18,057	-	18,057
	Equity shares in Guildford Holdings Ltd	-	-	-	-	-	-	-	3,683	8,360	-	12,043	12,043	-	12,043
ED49(p)	Redevelop Midleton industrial estate	11,057	-	-	-	-	-	11,057	-	-	-	11,057	11,057	-	11,057
<b>ENVIRONMENT DIRECTORATE</b>															
PL51(p)	Stoke Park - Home Farm Redevelopment	4,000	-	-	-	-	-	-	-	-	4,000	4,000	4,000	-	4,000
P	OP14(P) Mary Road Multi Storey (this more expensive option has been included in the figures)	5,565	-	-	-	-	-	-	-	5,565	-	5,565	5,565	-	5,565
<b>PLANNING &amp; REGENERATION DIRECTORATE</b>															
P	ED16(P) Styfield Area Regeneration Project (SARP) (GBC share)	69,083	-	-	-	-	3,659	700	22,962	41,762	-	69,083	69,083	(7,500)	61,583
ED38(P)	North Street development	29,590	-	-	-	-	-	29,590	-	-	-	29,590	29,590	-	29,590
HC4(p)	Bright Hill Development	13,500	-	500	500	-	180	500	5,000	7,000	820	13,500	13,500	-	13,500
P7(P)	Transport schemes for future Local Growth Fund and other funding opportunities	4,000	-	4,000	4,000	-	4,000	-	-	-	-	4,000	4,000	(3,500)	500
P8(P)	Town centre transport infrastructure package	217	-	217	217	217	-	-	-	-	-	-	217	-	217
P10(p)	Sustainable Movement Corridor	6,045	-	-	-	-	-	-	-	6,045	-	6,045	6,045	-	6,045
P11(p)	Guildford West (PB) station	5,200	-	1,150	1,150	350	800	1,050	3,000	-	-	4,850	5,200	(3,750)	1,450
P12(p)	Strategic property acquisitions	31,747	-	-	-	-	4,647	13,300	13,800	-	-	31,747	31,747	-	31,747
P14(p)	Guildford Gyrotary & approaches	10,967	-	-	-	-	-	3,500	3,500	3,967	-	10,967	10,967	(5,000)	5,967
P15(p)	Guildford bike share	530	-	530	530	-	530	-	-	-	-	530	530	-	530
P17(p)	Bus station relocation	500	-	300	300	-	300	200	-	-	-	500	500	-	500
P18(p)	Student Housing	81,000	-	3,000	-	-	-	-	-	-	-	-	-	-	-
<b>DEVELOPMENT/INCOME GENERATING/COST REDUCTION PROJECTS TOTAL</b>		<b>326,226</b>	<b>-</b>	<b>28,322</b>	<b>25,322</b>	<b>567</b>	<b>18,496</b>	<b>71,522</b>	<b>64,583</b>	<b>85,238</b>	<b>4,820</b>	<b>244,659</b>	<b>245,226</b>	<b>(19,750)</b>	<b>225,476</b>
<b>PROVISIONAL SCHEMES - GRAND TOTALS</b>		<b>358,186</b>	<b>34</b>	<b>41,103</b>	<b>38,235</b>	<b>2,985</b>	<b>30,171</b>	<b>88,402</b>	<b>64,983</b>	<b>85,788</b>	<b>4,820</b>	<b>274,164</b>	<b>277,183</b>	<b>(19,839)</b>	<b>257,344</b>
non development projects		31,960	34	12,781	12,913	2,418	11,675	16,880	400	550	-	29,505	31,957	(89)	31,868

GENERAL FUND CAPITAL SCHEMES - PROJECTS FUNDED VIA RESERVES: ESTIMATED EXPENDITURE 2018-19 to 2023-24

Item No.	Projects & Sources of Funding	Approved gross estimate	Cumulative spend at 31-03-18	2018-19			2019-20 Est for year	2020-21 Est for year	2021-22 Est for year	2022-23 Est for year	2023-24 Est for year	Future years est exp	Projected expenditure total
				Estimate approved by Council in February	Revised estimate	Projected exp est by project officer							
		(a) £000	(b) £000	(c) £000	£000	(f) £000	(i) £000	(ii) £000	(iii) £000	(iv) £000	(v) £000	(g) £000	(b)+(g) = (h) £000
<b>COMMUNITY DIRECTORATE</b>													
<b>ENERGY PROJECTS per SALIX RESERVE:(PR220)</b>													
R-EN10	LED Lighting replacement	80	49	-	19	19	-	-	-	-	-	-	68
R-EN11	WRD energy reduction	70	-	-	70	70	-	-	-	-	-	-	70
<b>ENERGY PROJECTS per GBC INVEST TO SAVE RESERVE: GBC 'Invest to Save' energy projects (to be repaid in line with savings)</b>													
				164	164	164	-	-	-	-	-	-	164
R-EN12	PV/energy efficiency projects	100	2	98	98	98	-	-	-	-	-	-	100
R-EN13	Park Barn Day Centre - air source heat pump	143	-	143	143	143	-	-	-	-	-	-	143
R-EN14	SMP - air source heat pump	28	-	28	28	28	-	-	-	-	-	-	28
R-EN15	Stoke Park Nursery - air source heat pump	17	-	17	17	17	-	-	-	-	-	-	17
<b>ENERGY RESERVES TOTAL</b>		<b>438</b>	<b>51</b>	<b>450</b>	<b>539</b>	<b>539</b>	-	-	-	-	-	-	<b>590</b>
<b>FINANCE DIRECTORATE</b>													
<b>INFORMATION TECHNOLOGY - IT Renewals Reserve (PR265) : approved annually</b>													
	Hardware / software budget			1,034	1,500	1,500	527	500	500	500	-	2,027	3,527
R-IT1	Hardware	annual	annual	-	-	-	-	-	-	-	-	-	-
R-IT2	Software	annual	annual	-	-	-	-	-	-	-	-	-	-
	ICT infrastructure improvements	1,250		1,250	1,250	1,250	-	-	-	-	-	-	1,250
<b>IT RENEWALS RESERVE TOTAL</b>		<b>1,250</b>	<b>90</b>	<b>2,284</b>	<b>2,750</b>	<b>2,750</b>	<b>527</b>	<b>500</b>	<b>500</b>	<b>500</b>	<b>-</b>	<b>2,027</b>	<b>4,816</b>
<b>ENVIRONMENT DIRECTORATE</b>													
<b>SPECTRUM RESERVE</b>													
R-S14	Spectrum schemes (to be agreed with Freedom Leisure)	700	-	700	700	250	450	-	-	-	-	450	700
<b>SPECTRUM RESERVE TOTAL</b>		<b>700</b>	<b>-</b>	<b>700</b>	<b>700</b>	<b>250</b>	<b>450</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>450</b>	<b>700</b>
<b>CAR PARKS RESERVE</b>													
R-CP1	Car parks - install/replace pay-on-foot equipment	570	240	-	330	330	-	-	-	-	-	-	570
<b>Car Parks - Lighting &amp; Electrical improvements:</b>													
R-CP13	- Castle, Farnham & York Rd Lighting	300	-	-	300	300	-	-	-	-	-	-	300
R-CP8	- Castle car park (PR000299) deck surfacing	325	-	325	325	325	-	-	-	-	-	-	325
R-CP10	- Bedford Road (PR000243) deck replacement	512	-	-	59	59	-	-	-	-	-	-	59
R-CP18	- Deck Millbrook car park	2,000	-	-	-	-	2,000	-	-	-	-	2,000	2,000
R-CP12	Replacement of collapsed retaining wall Bright Hill	321	54	-	-	-	-	-	-	-	-	-	54
R-CP14	Lift replacement (PR000293)	841	68	187	399	399	187	187	-	-	-	374	841
R-CP16	Bright Hill Barrier essential works (PR000425)	80	2	-	78	78	-	-	-	-	-	-	80
R-CP17	Leapale rd MSCP drainage (PR000433)	90	-	90	90	40	-	-	-	-	-	-	40
R-CP21	Tunsgate Car Park Lighting		48	-	-	-	-	-	-	-	-	-	48
R-CP19	Structural works to MSCP	300	-	200	200	145	100	-	-	-	-	100	245
R-CP20	New pay-on-foot equipment	600	-	15	15	15	585	-	-	-	-	585	600
<b>CAR PARKS RESERVE TOTAL</b>		<b>5,939</b>	<b>413</b>	<b>817</b>	<b>1,795</b>	<b>1,690</b>	<b>2,872</b>	<b>187</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,059</b>	<b>5,162</b>
<b>SPA RESERVE :</b>													
<b>SPA schemes (various)</b>													
		100	annual	100	251	230	-	-	-	-	-	-	251
R-SPA1	Chantry Woods					-							-
R-SPA2	Effingham					-							-
R-SPA3	Lakeside					-							-

GENERAL FUND CAPITAL SCHEMES - PROJECTS FUNDED VIA RESERVES: ESTIMATED EXPENDITURE 2018-19 to 2023-24

Item No.	Projects & Sources of Funding	Approved gross estimate	Cumulative spend at 31-03-18	2018-19		Projected exp est by project officer	2019-20 Est for year	2020-21 Est for year	2021-22 Est for year	2022-23 Est for year	2023-24 Est for year	Future years est exp	Projected expenditure total
				Estimate approved by Council in February	Revised estimate								
		(a) £000	(b) £000	(c) £000	£000	(f) £000	(i) £000	(ii) £000	(iii) £000	(iv) £000	(v) £000	(g) £000	(b)+(g) = (h) £000
R-SPA4	Riverside					21						-	
R-SPA5	Parsonage					-						-	
R-SPA7	Access tracks at Chantry Wood	60	-	-	60	60	-	-	-	-	-	-	60
<b>SPA RESERVE TOTAL</b>		<b>160</b>	<b>-</b>	<b>100</b>	<b>311</b>	<b>311</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>311</b>
<b>GRAND TOTALS</b>		<b>8,562</b>	<b>629</b>	<b>4,351</b>	<b>6,095</b>	<b>5,540</b>	<b>3,849</b>	<b>687</b>	<b>500</b>	<b>500</b>	<b>-</b>	<b>5,536</b>	<b>11,654</b>

**GENERAL FUND CAPITAL PROGRAMME - S106 ESTIMATED EXPENDITURE 2018-19 to 2023-24**

Ref	Service Units / Capital Schemes	Approved gross estimate	Cumulative spend at 31-03-18	2018-19			2019-20 Est for year	2020-21 Est for year	2021-22 Est for year	2022-23 Est for year	2023-24 Est for year	Future years est exp	Projected expenditure total	Grants / Contributions towards cost of scheme	Net cost of scheme	Total net cost approved by Executive	
				Estimate approved by Council in February	Revised estimate	Projected exp est by project officer											(a) £000
<b>APPROVED SCHEMES (fully funded from S106 contributions)</b>																	
<b>ENVIRONMENT DIRECTORATE</b>																	
<b>Operational Services</b>																	
S-OP3	Hayden Place CCTV - P92310	35	12	-	23	23	-	-	-	-	-	-	35	(35)	-	-	
<b>Parks and Leisure</b>																	
S-PL7	Tilehouse Open Space - Playground Refurbishment & Fitness Equipment	132	102	-	30	30	-	-	-	-	-	-	132	(132)	-	-	
S-PL8	Baird Drive/Briars Playground Refurb	10	8	-	2	2	-	-	-	-	-	-	10	(10)	-	-	
S-PL17	Bushy Hill Facilities	27	16	-	11	11	-	-	-	-	-	-	27	(27)	-	-	
S-PL23	75-78 Woodbridge Rd (complete)	15	11	-	4	4	-	-	-	-	-	-	15	(15)	-	-	
S-PL29	Greening the approaches - roundabouts	40	5	-	35	35	-	-	-	-	-	-	40	(40)	-	-	
S-PL33	Installation of trampoline play equipment Pirbright	11	-	-	11	11	-	-	-	-	-	-	11	(11)	-	-	
S-PL36	Gunpowder mills - signage, access and woodland imps	36	17	-	19	19	-	-	-	-	-	-	36	(36)	-	-	
S-PL47	Fir Tree Garden	28	-	-	28	28	-	-	-	-	-	-	28	(28)	-	-	
S-PL48	Stoke Park Trim Trail	23	22	-	1	1	-	-	-	-	-	-	23	(23)	-	-	
S-PL50	Stoke Park New Playground Entrance	13	6	-	7	7	-	-	-	-	-	-	13	(13)	-	-	
S-PL51	Pound Place Playarea	23	-	-	23	23	-	-	-	-	-	-	23	(23)	-	-	
S-PL52	Benches on Ripley Green	5	-	-	5	5	-	-	-	-	-	-	5	(5)	-	-	
S-PL53	WW1 Commemorative Orchard	14	-	-	14	14	-	-	-	-	-	-	14	(14)	-	-	
<b>ENVIRONMENT DIRECTORATE TOTAL</b>		<b>376</b>	<b>199</b>	<b>-</b>	<b>212</b>	<b>212</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>376</b>	<b>(376)</b>	<b>-</b>	<b>-</b>	
<b>APPROVED SCHEMES continued (fully funded from S106 contributions)</b>																	
<b>COMMUNITY DIRECTORATE</b>																	
S-P1	Haydon Place / Martyr Road	67	64	-	3	3	-	-	-	-	-	-	67	(67)	-	-	
S-P7	Woodbridge meadows	243	197	-	46	46	-	-	-	-	-	-	243	(243)	-	-	
S-P8	Woodbridge Hill environmental improvements	226	220	-	6	6	-	-	-	-	-	-	226	(226)	-	-	
S-P10	G Live Lighting and Signage York Road	32	23	-	9	9	-	-	-	-	-	-	32	(32)	-	-	
S-P11	G Live Bus stop/drop off point	11	4	-	7	7	-	-	-	-	-	-	11	(11)	-	-	
S-P12	Espom Rd/Boxgrove Road	150	87	-	63	63	-	-	-	-	-	-	150	(150)	-	-	
S-P14	Bridge Street Waymarking	5	1	-	4	4	-	-	-	-	-	-	5	(5)	-	-	
<b>DEVELOPMENT DIRECTORATE TOTOAL</b>		<b>734</b>	<b>595</b>	<b>-</b>	<b>139</b>	<b>139</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>734</b>	<b>(734)</b>	<b>-</b>	<b>-</b>	
<b>APPROVED S106 SCHEMES TOTAL</b>		<b>1,110</b>	<b>794</b>	<b>-</b>	<b>350</b>	<b>350</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,110</b>	<b>(1,110)</b>	<b>-</b>	<b>-</b>	

This page is intentionally left blank



## GENERAL FUND CAPITAL PROGRAMME : SUMMARY OF RESOURCES AND FINANCIAL IMPLICATIONS

### 1.0 AVAILABILITY OF RESOURCES - NOTES :

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

1.2 The actuals for 2017-18 have 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)

	2017-18 Actuals £000	2018-19 Budget £000	2018-19 Est Outturn £000	2019-20 Estimate £000	2020-21 Estimate £000	2021-22 Estimate £000	2022-23 Estimate £000	2023-24 Estimate £000
Balance as at 1 April	0	0	0	0	0	0	0	0
Add estimated usable receipts in year	496	5,290	5,726	0	0	4,000	11,200	55,067
Less applied re funding of capital schemes	(496)	(5,290)	(5,726)	0	0	(4,000)	(11,200)	(10,645)
<b>Balance after funding capital expenditure as at 31 March</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>44,422</b>

## GENERAL FUND CAPITAL PROGRAMME : SUMMARY OF RESOURCES AND FINANCIAL IMPLICATIONS

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  
Capital Schemes Reserve (*para.4 below*)

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

#### Total funding required

	2017-18 Actuals £000	2018-19 Budget £000	2018-19 Est Outturn £000	2019-20 Estimate £000	2020-21 Estimate £000	2021-22 Estimate £000	2022-23 Estimate £000	2023-24 Estimate £000
	12,627	54,287	47,350	42,249	17,484	8,641	5,825	5,825
	19	41,103	2,985	30,171	88,402	64,983	85,788	4,820
	90	0	350	0	0	0	0	0
	1,204	4,351	5,540	3,849	687	500	500	0
	0	0	0	0	0	0	0	0
<b>Total estimated capital expenditure</b>	<b>13,940</b>	<b>99,741</b>	<b>56,225</b>	<b>76,269</b>	<b>106,573</b>	<b>74,124</b>	<b>92,113</b>	<b>10,645</b>
	(2,597)	(5,290)	(5,726)	0	0	(4,000)	(11,200)	(10,645)
	(1,966)	(5,465)	(2,466)	(7,145)	(4,500)	(5,500)	(5,500)	0
	(1,204)	(17,832)	(11,517)	(10,829)	(907)	(720)	(500)	0
	0	0	0	0	0	0	0	0
	(5,767)	(28,587)	(19,710)	(17,974)	(5,407)	(10,220)	(17,200)	(10,645)
	(8,173)	(71,154)	(36,515)	(58,295)	(101,166)	(63,904)	(74,913)	0
<b>Total funding required</b>	<b>(13,940)</b>	<b>(99,741)</b>	<b>(56,225)</b>	<b>(76,269)</b>	<b>(106,573)</b>	<b>(74,124)</b>	<b>(92,113)</b>	<b>(10,645)</b>

Page 166

### 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

	2017-18 Actuals £000	2018-19 Budget £000	2018-19 Est Outturn £000	2019-20 Estimate £000	2020-21 Estimate £000	2021-22 Estimate £000	2022-23 Estimate £000	2023-24 Estimate £000
	1,400	0	1,641	0	0	0	0	0
	1,201	0	0	0	0	0	0	0
	40	0	0	0	0	0	0	0
	2,641	0	1,641	0	0	0	0	0
	(1,000)	0	(1,641)	0	0	0	0	0
<b>Balance after funding capital expenditure etc.as at 31 March</b>	<b>1,641</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

#### Estimated shortfall at year-end to be funded from borrowing

	<b>7,173</b>	<b>71,154</b>	<b>34,874</b>	<b>58,295</b>	<b>101,166</b>	<b>63,904</b>	<b>74,913</b>	<b>0</b>
--	--------------	---------------	---------------	---------------	----------------	---------------	---------------	----------

Agenda item number: 8  
Appendix 7

## 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)	14,861	13,361	12,760	6,760	0	0	0	0
Add: Estimated receipts in year	0	0	0	0	0	0	0	0
Less: Applied re Housing (General Fund) capital programme	0	0	0	0	0	0	0	0
Less: Applied re Housing company	(2,101)	(13,361)	(6,000)	(6,760)	0	0	0	0
	12,760	0	6,760	0	0	0	0	0
Less: Applied on regeneration schemes	0	0	0	0	0	0	0	0
<b>Housing receipts - estimated balance in hand at year end</b>	<b>12,760</b>	<b>0</b>	<b>6,760</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

	2017-18 Actuals £000	2018-19 Budget £000	2018-19 Est Outturn £000	2019-20 Estimate £000	2020-21 Estimate £000	2021-22 Estimate £000	2022-23 Estimate £000	2023-24 Estimate £000
Balance as at 1 April (T01008)	14,861	13,361	12,760	6,760	0	0	0	0
Add: Estimated receipts in year	0	0	0	0	0	0	0	0
Less: Applied re Housing (General Fund) capital programme	0	0	0	0	0	0	0	0
Less: Applied re Housing company	(2,101)	(13,361)	(6,000)	(6,760)	0	0	0	0
	12,760	0	6,760	0	0	0	0	0
Less: Applied on regeneration schemes	0	0	0	0	0	0	0	0
<b>Housing receipts - estimated balance in hand at year end</b>	<b>12,760</b>	<b>0</b>	<b>6,760</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

### 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)	2,938	2,428	422	0	0	0	0	0
Add: Estimated receipts in year	506	200	286	289	292	295	298	301
Less: Applied re Housing (General Fund) capital programme	0	(220)	(288)	(220)	(220)	(220)	(220)	(220)
Less: Applied re Housing Improvement programme	(3,022)	(475)	(420)	(69)	(72)	(75)	(78)	(81)
	422	1,933	0	0	0	0	0	0
Less: Applied on regeneration schemes	0	0	0	0	0	0	0	0
<b>Housing receipts - estimated balance in hand</b>	<b>422</b>	<b>1,933</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

	2017-18 Actuals £000	2018-19 Budget £000	2018-19 Est Outturn £000	2019-20 Estimate £000	2020-21 Estimate £000	2021-22 Estimate £000	2022-23 Estimate £000	2023-24 Estimate £000
Balance as at 1 April (T01012)	2,938	2,428	422	0	0	0	0	0
Add: Estimated receipts in year	506	200	286	289	292	295	298	301
Less: Applied re Housing (General Fund) capital programme	0	(220)	(288)	(220)	(220)	(220)	(220)	(220)
Less: Applied re Housing Improvement programme	(3,022)	(475)	(420)	(69)	(72)	(75)	(78)	(81)
	422	1,933	0	0	0	0	0	0
Less: Applied on regeneration schemes	0	0	0	0	0	0	0	0
<b>Housing receipts - estimated balance in hand</b>	<b>422</b>	<b>1,933</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Total £'000s

### 6.1 Estimated annual borrowing requirement

Bids for funding (net)

**Total estimated borrowing requirement if all bids on Appendix 1 approved**

7,173	71,154	34,874	58,295	101,166	63,904	74,913	0	333,152
	0	0	0	0	0	0	0	0
	71,154	34,874	58,295	101,166	63,904	74,913	0	333,152

Appendix 7  
Appendix item number: 8

This page is intentionally left blank

**Capital vision items**

Ref	Project	Verto ref	Date entered on Verto	Date Verto last updated	Verto Gateway	timescale	Estimated gross cost	Local growth fund bid	Other funding	S106/CIL	GBC cost	Notes
CV3	Castle valley gardens automated watering system					2020 likely timescale	30,000				30,000	
CV4	North side drainage scheme						130,000				130,000	
CV10	Transport - Yorkies bridge part of Sustainable Movement Corridor					2024-2029	10,000,000	5,000,000	1,250,000	#####	1,250,000	SCC other funding
CV22	Stoke Park Masterplan Implementation	PR418	08.08.16	11.08.16	CV	2021-2022	3,000,000		1,500,000		1,500,000	external funding to be identified
CV23	Lakeside Nature Reserve Visitor Facility	PR419	08.08.16	11.08.16	CV	2020	500,000			250,000	250,000	
CV24	Stoughton Recreation ground Landscape Improvements	PR421	08.08.16	10.08.16	CV	2023	150,000		75,000		75,000	external funding to be identified (possible HLF)
P6(p)	Guildford Riverside Phase 2&3					unknown	2,400,000					
P13(p)	Bedford Wharf	PR372					23,000,000				23,000,000	
<b>Town centre masterplan (heading not related to schemes below)</b>												
CV12	A3 Interim intervention schemes (inc.Beechcroft Drive safety scheme)					2018-2020	unknown				unknown	
CV13	Gosdon Hill P&R					2021-2023	7,500,000				unknown	
CV14	Merrow station					2024-2029	10,000,000				unknown	
CV17	Redevelopment of woodbridge meadows industrial estate					6-10 years	unknown				unknown	
<b>Corporate plan</b>												
CV18	Leisure centre replacement/multi use sports centre	PR464	13.02.17	13.02.17	CV	15-20 years	£80m-£100m				100,000,000	
CV19	Set up community energy scheme/heat network						2020 unknown				unknown	
CV20	Set up a water discharge system						2017 unknown				unknown	
<b>SARP</b>												
<b>Expenditure</b>												
	Slyfield area regeneration project (GF element)					2023-24 thru 2034-35	65,606,000					moved from provisional 22.11.17 as per CW
	Slyfield area regeneration project (GF element)					2023-24 thru 2034-35	72,535,800					additional costs identified as per reprofile 22.11.17
	Slyfield area regeneration project (HRA element)					2033-34 thur 2034-35	31,423,672					new estimate £38,793,672 (£7,370,000 on HRA provisional) original bid £50
<b>Income</b>												
CVi1	Slyfield area regeneration project					2024-25	(20,545,000)				(20,545,000)	
CVi1	Slyfield area regeneration project					2025-26	(20,545,000)				(20,545,000)	
CVi1	Slyfield area regeneration project					2027-28 thru 2034-35	(137,572,200)				(137,572,200)	
CVi2	Major projects unit - possible revenue income					2019-20 (at the earliest)	(24,832,000)				(24,832,000)	

This page is intentionally left blank

## Treasury management policy statement

### Background

The Council adopts the key recommendations of the CIPFA's Treasury Management in the Public Services: Code of Practice (the TM Code), as described in Section 5 of the TM Code.

The Council will create and maintain, as the cornerstones for effective treasury management:

- a treasury management policy statement, stating the policies, objectives and approach to risk management of its treasury management activities
- suitable treasury management practices (TMP's), setting out the manner in which the Council will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities

### CIPFA requirement

The Council is required to adopt the following to define the policies and objectives of its treasury management activities.

1. The Council defines its treasury management activities are:

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

2. The Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on the Council's risk implications, and any financial instruments entered into to manage these risks
3. The Council acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable comprehensive performance measurement techniques, within the context of effective risk management.

### The Council's requirements

The Council is also required to detail its high-level policies for borrowing and investments

1. The Council (i.e. full council) will receive reports on its treasury management policies, practices and objectives including, as a minimum, an annual strategy and plan in advance of the year, a mid-year review and an annual report after its closed, in the form prescribed in the TMPs
2. The Council delegates responsibility for the
  - a. implementation and monitoring of its treasury management practices and policies to the Corporate Governance and Standards Committee and
  - b. execution and administration of treasury management decisions, along with changes to the TMP's to the Chief Finance Officer, who will act in accordance with the Council's policy statement and TMPs and CIPFA's Standard of Professional Practice on Treasury Management.
3. The Council nominates the Corporate Governance and Standards Committee to be responsible for ensuring effective scrutiny of the treasury management strategy and policies
4. The Council's borrowing will be affordable, sustainable and prudent and consideration will be given to the management of interest rate risk, refinancing risk and maturity risk. The source from which the borrowing is taken and the type of borrowing should allow the Council transparency and control over its debt
5. The Council's primary objective in relation to investments remains the security of capital. The liquidity or accessibility of the Council's investments followed by the yield earned in investments remain important but are secondary considerations.



## **Money Market Code Principles**

The money market code has been developed to provide a common set of principles in order to promote the integrity and effective functioning of the UK money markets.

It is intended to promote a fair, effective and transparent market in which a diverse set of UK market participants, supported by resilient infrastructure, are able to confidently and effectively transact in a manner that is consistent with the highest standards of behaviour.

The code is based on six underpinning principles in order to promote an open, fair and effective market:

### **Ethics**

1. UK Market Participants are expected to behave in an appropriate and professional manner

### **Governance and Risk Management**

2. UK Market Participants should have an applicable governance framework that facilitates responsible participation in the UK Markets and provides for comprehensive oversight of such activity at an appropriately senior level of management. There should be clear and defined internal escalation routes
3. UK Market Participants are expected to maintain a vigorous control environment to effectively identify, measure, monitor, manage and report on the risks associated with their engagement in the UK market

### **Information Sharing, Confidentiality and Communications**

4. UK Market Participants are expected to be clear, accurate, professional, and not misleading in their communications, and to protect relevant confidential information to support effective communication

### **Execution, Surveillance, Confirmations and Settlement**

5. UK Market Participants are expected to exercise appropriate care when negotiating, executing and settling transactions  
UK Market Participants are expected to put in place effective and efficient processes to promote the secure, smooth, and timely settlement of transactions

This page is intentionally left blank

# Economic and Interest Rate Forecast November/December 2018

- Our central interest rate forecasts are predicated on there being a transitional period following the UK's official exit from the EU.
- The MPC has a bias towards tighter monetary policy but is reluctant to push interest rate expectations too strongly. We believe that MPC members consider that: 1) tight labour markets will prompt inflationary pressure in the future, 2) ultra-low interest rates result in other economic problems, and 3) higher Bank Rate will be a more effective policy weapon if downside risks to growth crystallise.
- Both our projected outlook and the increase in the magnitude of political and economic risks facing the UK economy means we maintain the significant downside risks to our forecasts, despite the potential for slightly stronger growth next year as business investment rebounds should the EU Withdrawal Agreement be approved. The potential for severe economic outcomes has increased following the poor reception of the Withdrawal Agreement by MPs. We expect the Bank of England to hold at or reduce interest rates from current levels if Brexit risks materialise.
- The UK economic environment is relatively soft, despite seemingly strong labour market data. GDP growth recovered somewhat in the middle quarters of 2018, but more recent data suggests the economy slowed markedly in Q4. Our view is that the UK economy still faces a challenging outlook as the country exits the European Union and Eurozone economic growth softens.
- Cost pressures are easing but inflation is forecast to remain above the Bank's 2% target through most of the forecast period. Lower oil prices have reduced inflationary pressure, but the tight labour market and decline in the value of sterling means inflation may remain above target for longer than expected.
- Global economic growth is slowing. Despite slower growth, the European Central Bank is conditioning markets for the end of QE, the timing of the first rate hike (2019) and their path thereafter. More recent US data has placed pressure on the Federal Reserve to reduce the pace of monetary tightening - previous hikes and heightened expectations will, however, slow economic growth.
- Central bank actions and geopolitical risks have and will continue to produce significant volatility in financial markets, including bond markets.

	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21
<b>Official Bank Rate</b>													
Upside risk	0.00	0.00	0.00	0.00	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
Arlingclose Central Ca	0.75	0.75	1.00	1.00	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25
Downside risk	0.00	0.50	0.75	0.75	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
<b>3-mth money market rate</b>													
Upside risk	0.10	0.10	0.10	0.10	0.15	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20
Arlingclose Central Ca	0.90	0.95	1.10	1.30	1.40	1.40	1.40	1.35	1.35	1.35	1.35	1.35	1.35
Downside risk	0.20	0.45	0.60	0.80	0.90	0.90	0.90	0.85	0.85	0.85	0.85	0.85	0.85
<b>1-yr money market rate</b>													
Upside risk	0.20	0.30	0.30	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35
Arlingclose Central Ca	1.15	1.25	1.35	1.50	1.70	1.60	1.50	1.40	1.35	1.35	1.35	1.35	1.35
Downside risk	0.35	0.50	0.60	0.80	0.90	0.90	0.90	0.85	0.85	0.85	0.85	0.85	0.85
<b>5-yr gilt yield</b>													
Upside risk	0.25	0.30	0.30	0.35	0.35	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40
Arlingclose Central Ca	1.15	1.25	1.35	1.50	1.50	1.40	1.35	1.30	1.30	1.30	1.30	1.30	1.30
Downside risk	0.50	0.60	0.65	0.80	0.80	0.70	0.65	0.65	0.65	0.65	0.65	0.65	0.65
<b>10-yr gilt yield</b>													
Upside risk	0.25	0.30	0.30	0.35	0.35	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40
Arlingclose Central Ca	1.50	1.65	1.70	1.80	1.80	1.75	1.75	1.70	1.70	1.70	1.70	1.70	1.70
Downside risk	0.55	0.70	0.70	0.80	0.80	0.75	0.75	0.70	0.70	0.70	0.70	0.70	0.70
<b>20-yr gilt yield</b>													
Upside risk	0.25	0.30	0.30	0.35	0.35	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40
Arlingclose Central Ca	2.00	2.10	2.20	2.20	2.20	2.20	2.20	2.20	2.20	2.20	2.20	2.20	2.20
Downside risk	0.60	0.70	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75
<b>50-yr gilt yield</b>													
Upside risk	0.25	0.30	0.30	0.35	0.35	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40
Arlingclose Central Ca	1.90	1.95	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Downside risk	0.60	0.70	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75

PWLB Certainty Rate (Maturity Loans) = Gilt yield + 0.80%

PWLB Infrastructure Rate (Maturity Loans) = Gilt yield + 0.60%

- The MPC has maintained expectations of a slow rise in interest rates over the forecast horizon, but recent events around Brexit have dampened interest rate expectations. Our central case is for Bank Rate to rise to 2.00% in 2019, after the UK exits the EU. The risks are weighted to the downside.
- Gilt yields have remained at low levels. We expect some upward movement from current levels based on our central case that the UK will enter a transitional period following its EU exit in March 2019. However, our projected weak economic outlook and volatility arising from both economic and political events will continue to offer borrowing opportunities.

Agenda Item Number 8  
Appendix 11

This page is intentionally left blank

### Credit Rating Equivalents and Definitions

	Fitch	Moody's	Standard & Poor's	Fitch	Moody's	Standard & Poor's
<b>Long Term Investment Grade</b>	AAA	Aaa	AAA	<b>AAA</b> Highest credit quality. 'AAA' ratings denote the lowest expectation of credit risk. They are assigned only in the case of exceptionally strong capacity for payment of financial commitments. This capacity is highly unlikely to be adversely affected by foreseeable events.	<b>Aaa</b> Obligations rated Aaa are judged to be of the highest quality, with minimal credit risk.	<b>AAA</b> An obligator rated 'AAA' has extremely strong capacity to meet its financial commitments. 'AAA' is the highest issuer credit rating assigned by Standard & Pooers.
	AA+	Aa1	AA+	<b>AA</b> Very high credit quality. 'AA' ratings denote expectations of very low credit risk. They indicate very strong capacity for payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events.	<b>Aa</b> Obligations rated Aa are judged to be of high quality and are subject to very low credit risk.	<b>AA</b> An obligator rated 'AA' has very strong capacity to meets its financial commitments. It differs from the highest rated obligators only to a small degree.
	AA	Aa2	AA			
AA-	Aa3	AA-				
	A+	A1	A+	<b>A</b> High credit quality. 'A' ratings denote expectations of low credit risk. The capacity for payment of financial commitments is considered strong. This capacity may, nevertheless, be more vulnerable to changes in circumstances or in economic conditions than is the case for higher ratings.	<b>A</b> Obligations rated A are considered upper-medium grade and are subject to low credit risk.	<b>A</b> An obligator rated 'A' has strong capacity to meet its financial commitments but is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligators in higher rated categories.
	A	A2	A			
	A-	A3	A-			
	BBB+	Baa1	BBB+	<b>BBB</b> Good credit quality. 'BBB' ratings indicate that there are currently expectations of low credit risk. The capacity for payment of financial commitments is considered adequate but adverse changes in circumstances and economic conditions are more likely to impair this capacity. This is the lowest investment grade category.	<b>Baa</b> Obligations rated Baa are subject to moderate credit risk. They are considered medium-grade and as such may possess certain speculative characteristics.	<b>BBB</b> An obligator rated 'BBB' has adequate capacity to meets its financial commitments. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligator to meet its financial commitments.
	BBB	Baa2	BBB			
	BBB-	Baa3	BBB-			
<b>Sub Investment Grade</b>	BB+	Ba1	BB+			
	BB	Ba2	BB			
	BB-	Ba3	BB-			
	B+	B1	B+			
	B	B2	B			
	B-	B3	B-			
	CCC+	Caa1	CCC+			
	CCC	Caa2	CCC			
	CCC-	Caa3	CCC-			
	CC+	Ca1	CC+			
	CC	Ca2	CC			
	CC-	Ca3	CC-			
	C+	C1	C+			
	C	C2	C			
	C-	C3	C-			
	D		D or SD			



## Glossary

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

**Arlingclose** – the Council’s treasury management advisors

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

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

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

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

**Bank Rate** – the Bank of England base rate

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

**Banks – Unsecured** – accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. Subject to the risk of credit loss via a bail in should the regulator determine that the bank is failing or likely to fail.

**Bonds** – Bonds are debt instruments issued by government, multinational companies, banks and multilateral development banks. Interest is paid by the issuer to the bond holder at regular pre-agreed periods. The repayment date of the principal is also set at the outset.

**Capital expenditure** – expenditure on the acquisition, creation or enhancement of capital assets

**Capital Financing Requirement (CFR)** – the Council's underlying need to borrow for a capital purpose, representing the cumulative capital expenditure of the Council that has not been financed

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

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

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

**CLG** – Department for Communities and Local Government

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

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

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

**Counterparty** – the organisation the Council is investing with

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

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

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



**Creditworthiness** – a measure of the ability to meet debt obligations

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

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

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

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

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

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

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

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

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

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

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

**Housing Grants** – see Affordable Housing Grants

**Illiquid** – cannot be easily converted into cash

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

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

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

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

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

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

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

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

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

**Money Market** - the market in which institutions borrow and lend

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

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

by a slight amount, due to the changing value of the assets and, in the case of an accumulating fund, by the amount of income received.

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

**Money Market Rates** – interest rates on money market investments

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

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

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

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

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

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

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

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

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

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

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

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

**Sovereign** – the countries the Council are able to invest in

**Specified Investments** - Specified investments are defined as:

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

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

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

**SWAP Bid** – a benchmark interest rate used by institutions

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

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

**Treasurynet** – the Council's cash management system

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

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

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

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

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: 17 January 2019

## **Corporate Governance and Standards Committee Work Programme for 2019-20**

### **Recommendation**

That the Committee considers and approves its updated work programme for the remainder of the 2018-19 municipal year and the 2019-20 municipal year, as detailed in Appendix 1 to this report.

#### Reason for recommendations:

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

### **1. Purpose of report**

- 1.1 The draft work programme attached as Appendix 1 sets out the items to be considered by this Committee for the remainder of the 2018-19 municipal year and for the 2019-20 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

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
Annual Governance Statement 2018-19	To adopt the Council's Annual Governance Statement 2018-19	Executive: 23 April 2019	Claire Morris 01483 444827
Audit Report on the Certification of Financial Claims and Returns 2017-18: Housing Benefit Subsidy & Pooling Housing Capital Receipts	To note the position regarding the certification of financial claims and returns for 2017-18	Corporate Governance and Standards Committee	Belinda Hayden 01483 444867
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
Financial Monitoring 2018-19 Period 10 (April 2018 to January 2019)	To note the results of the Council's financial monitoring (April 2018 to January 2019)	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	Robert Parkin 01483 444135
General Data Protection Regulation Update	To consider a six monthly update on compliance with the GDPR	Corporate Governance and Standards Committee	Joyce Hamilton 01483 444053
Appointment of independent members of the Corporate Governance and Standards Committee 2019-2023	To consider recommendations of the Appointments Panel for appointment of up to three Independent Members of the Corporate Governance and Standards Committee for the period 2019-2023.	Council: 9 April 2019	John Armstrong 01483 444102
Appointment of Independent Persons 2019-2023	To consider recommendations of the Joint Appointments Panel for appointment of Independent Persons under section 28 of the Localism Act 2011 for the period 2019-2023.	Council: 9 April 2019	John Armstrong 01483 444102
Review of Protocol on Councillor/Officer Relations	To consider recommendations of the task group appointed by the Committee to review the Protocol	Council: 9 April 2019	John Armstrong 01483 444102

## CORPORATE GOVERNANCE AND STANDARDS COMMITTEE DRAFT WORK PROGRAMME

13 June 2019

Agenda item number: 9

Subject	Details of decision to be taken	Decision to be taken by	Contact Officer
Capital and Investment outturn report 2018-19	To submit any comments to the Executive when it considers this matter on 18 June 2019.	Executive: 18 June 2019 Council: 23 July 2019	Victoria Worsfold 01483 444834
Revenue Outturn Report 2018-19	To note the Draft Statement of Accounts 2018-19, and to make any comments to officers in advance of the audit.	Executive: 18 June 2019	Claire Morris 01483 444827
Housing Revenue Account Final Accounts 2018-19	To submit any comments to the Executive when it considers this matter on 18 June 2019.	Executive: 18 June 2019	Philip O'Dwyer 01483 444318
External Audit 2019-20 Fee Letter	To consider the planned audit fee	Corporate Governance and Standards Committee	Claire Morris 01483 444827
Internal Audit Plan 2019-20	To consider the internal audit plan for 2019-20	Corporate Governance and Standards Committee	Joan Poole 01483 444854
Review of the Councillors' Development Steering Group	(1) To approve the numerical allocation of seats on the Steering Group to each political group for 2019-20.  (2) To ask political group leaders to confirm the councillor membership of the Steering Group for 2019-20	Corporate Governance and Standards Committee	John Armstrong 01483 444102



## CORPORATE GOVERNANCE AND STANDARDS COMMITTEE DRAFT WORK PROGRAMME

25 July 2019

Subject	Details of decision to be taken	Decision to be taken by	Contact Officer
2018-19 Audit Findings Report: Year ended 31 March 2019	To note the external auditor's findings and management's response in the Action Plan	Corporate Governance and Standards Committee	Claire Morris 01483 444827
2018-19 Audited Statement of Accounts	To approve the 2018-19 Statement of Accounts	Corporate Governance and Standards Committee	Claire Morris 01483 444827
Financial Monitoring 2019-20 Period 2 (April/May 2019)	To note the results of the Council's financial monitoring for the period April/May 2019	Corporate Governance and Standards Committee	Claire Morris 01483 444827
Summary of Internal Audit Reports October 2018 – March 2019	To consider the summary of internal audit reports for the period October 2018 to March 2019, 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 six monthly update on 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 2019)	Corporate Governance and Standards Committee	Ciaran Ward 01483 444072

## CORPORATE GOVERNANCE AND STANDARDS COMMITTEE DRAFT WORK PROGRAMME

19 September 2019

<b>Subject</b>	<b>Details of decision to be taken</b>	<b>Decision to be taken by</b>	<b>Contact Officer</b>
Annual Audit Letter for 2018-19	To consider the Annual Audit Letter for 2018-19	Executive: 24 September 2020	Claire Morris 01483 444827
Financial Monitoring 2019-20 Period 4 (April to July 2019)	To note the results of the Council's financial monitoring for the period April to July 2019	Corporate Governance and Standards Committee	Claire Morris 01483 444827
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

19 November 2019

<b>Subject</b>	<b>Details of decision to be taken</b>	<b>Decision to be taken by</b>	<b>Contact Officer</b>
Financial Monitoring 2018-19: Period 6 (April to October 2019)	To note the results of the Council's financial monitoring for the period April to October 2019	Corporate Governance and Standards Committee	Claire Morris 01483 444827
Summary of internal audit reports (April to September 2019)	To consider the summary of internal audit reports and progress on the internal audit plan for April to September 2019, 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

16 January 2020

Subject	Details of decision to be taken	Decision to be taken by	Contact Officer
Capital and investment strategy (2020-21 to 2023-24)	To comment on various recommendations to the Executive and Council	Executive: 21 January 2020 Council: 5 February 2020	Victoria Worsfold 01483 444834
Financial Monitoring 2019-20 Period 9 (April to December 2019)	To note the results of the Council's financial monitoring for the period April to December 2019	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	Robert Parkin 01483 444135
Equalities Scheme Action Plan	Annual monitoring report on the implementation of the actions in the Equalities Scheme action plan approved in January 2018	Corporate Governance and Standards Committee	Lucy Richards 01483 444013
Gender Pay Gap Report 2020-21	To note the Council's gender pay gap report	Corporate Governance and Standards Committee	Francesca Smith 01483 444014
Freedom of Information Compliance - Annual Report 2019	To consider the annual report for 2018 on the Council's performance in dealing with Freedom of Information requests.	Corporate Governance and Standards Committee	Ciaran Ward 01483 444072
General Data Protection Regulation Update	To consider a six monthly update on compliance with the GDPR	Corporate Governance and Standards Committee	Joyce Hamilton 01483 444053

## CORPORATE GOVERNANCE AND STANDARDS COMMITTEE DRAFT WORK PROGRAMME

26 March 2020

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
Annual Governance Statement 2018-19	To adopt the Council's Annual Governance Statement 2018-19	Executive: 21 April 2020	Claire Morris 01483 444827
Audit Report on the Certification of Financial Claims and Returns 2018-19: Housing Benefit Subsidy and Pooling Housing Capital Receipts	To note the position regarding the certification of financial claims and returns for 2018-19	Corporate Governance and Standards Committee	Belinda Hayden 01483 444867
External Audit Plan and Audit Update 2019-20	To approve the external audit plan for 2019-20, 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 2019-20 Period 10 (April 2019 to January 2020)	To note the results of the Council's financial monitoring for the period April 2019 to January 2020	Corporate Governance and Standards Committee	Claire Morris 01483 444827

This page is intentionally left blank