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Contact Officer:

John Armstrong,  
Democratic Services and Elections Manager  
Tel: (01483) 444102

7 January 2020

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 **WEDNESDAY 15 JANUARY 2020 at 7.00 pm.**

Yours faithfully

James Whiteman  
Managing Director

**MEMBERS OF THE COMMITTEE**

Chairman: Councillor Tim Anderson  
Vice-Chairman: Councillor Nigel Manning

Councillor Jan Harwood	+Mrs Maria Angel MBE
Councillor Liz Hogger	+Murray Litvak
Councillor Ramsey Nagaty	^Julia Osborn
Councillor John Redpath	^Mr Ian Symes
Councillor James Walsh	^Tim Wolfenden

\*Independent member

^ Parish member

**Authorised Substitute Members:**

Councillor Jon Askew	Councillor Masuk Miah
Councillor Richard Billington	Councillor Susan Parker
Councillor Ruth Brothwell	Councillor Jo Randall
Councillor Colin Cross	Councillor Deborah Seabrook
Councillor Angela Gunning	Councillor Patrick Sheard
Councillor Tom Hunt	Councillor Catherine Young

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**QUORUM 3**



## THE COUNCIL'S STRATEGIC FRAMEWORK

### Vision – for the borough

For Guildford to be a town and rural borough that is the most desirable place to live, work and visit in South East England. A centre for education, healthcare, innovative cutting-edge businesses, high quality retail and wellbeing. A county town set in a vibrant rural environment, which balances the needs of urban and rural communities alike. Known for our outstanding urban planning and design, and with infrastructure that will properly cope with our needs.

### 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 - 6)**

To confirm the minutes of the meeting of the Corporate Governance and Standards Committee held on 19 November 2019.

**4 ANNUAL REPORT OF THE MONITORING OFFICER REGARDING MISCONDUCT ALLEGATIONS (Pages 7 - 16)**

**5 FREEDOM OF INFORMATION COMPLIANCE - ANNUAL REPORT 2019 (Pages 17 - 24)**

**6 CAPITAL AND INVESTMENT STRATEGY 2020-21 TO 2024-2025 (Pages 25 - 104)**

**7 FINANCIAL MONITORING 2019-20 (APRIL TO NOVEMBER 2019) (Pages 105 - 180)**

**8 SUMMARY OF INTERNAL AUDIT REPORTS (APRIL TO SEPTEMBER 2019) (Pages 181 - 198)**

**9 WORK PROGRAMME (Pages 199 - 206)**

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# CORPORATE GOVERNANCE AND STANDARDS COMMITTEE

19 November 2019

- \* Councillor Tim Anderson (Chairman)
- \* Councillor Nigel Manning (Vice-Chairman)

- \* Councillor Jan Harwood
- Councillor Liz Hogger
- \* Councillor Ramsey Nagaty
- \* Councillor John Redpath
- \* Councillor James Walsh

Independent Members:

- \*Mrs Maria Angel MBE
- \*Mr Murray Litvak

Parish Members:

- \*Ms Julia Osborn
- Mr Ian Symes
- \*Mr Tim Wolfenden

\*Present

The Leader of the Council, Councillor Caroline Reeves and the Lead Councillor for Finance, Assets, Customer Service, Councillor Joss Bigmore, were also in attendance.

## **CGS30 APOLOGIES FOR ABSENCE AND NOTIFICATION OF SUBSTITUTE MEMBERS**

Apologies for absence were received from Councillor Liz Hogger and Ian Symes (parish member).

## **CGS31 LOCAL CODE OF CONDUCT - DISCLOSURE OF INTERESTS**

There were no disclosures of interest.

## **CGS32 MINUTES**

The Committee confirmed as a correct record the minutes of the meeting held on 19 September 2019. The Chairman signed the minutes.

## **CGS33 FINANCIAL MONITORING 2019-20: PERIOD 6 (APRIL TO OCTOBER 2019)**

The Committee considered a report that set out the financial monitoring position for six-month period April to September 2019.

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 an increase in net expenditure on the general fund revenue account of £568,637, which included a £171,280 reduction in the statutory Minimum Revenue Provision (MRP) charge to the General Fund to make provision for the repayment of past capital debt reflecting a re-profiling of capital schemes and a reduction in the anticipated income received from investments of £336,865.

Appendix 2 to the report showed detailed information for each service split between direct expenditure and income and indirect costs. Officers monitored the projected outturn against the revised (or latest) budget as this took into account any virement or supplementary estimates approved since the original budget was set in February 2019.

At service level, the projected outturn was £403,052 higher than the latest estimate once adjusted for items either funded from reserve or transferred to reserve.

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The reported position at month 4 had forecasted an underspend at total service level of £513,802. It had since been discovered that this figure had included an underspend against central overheads which was in respect of a year-end accrual that had not been reversed. The restated position at month 4 was therefore an overspend of £461,677.

A surplus on the Housing Revenue Account would enable a projected transfer of £10.929 million to the new build reserve and the reserve for future capital at year-end. This had been £4,000 lower than budgeted and reflected modest variations in rental income and repair and maintenance expenditure.

Officers were making progress against a number of major capital projects on the approved programme as outlined in section 7 of the report. The Council was expected to spend £68.95 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 £43.82 million by 31 March 2020, against an estimated position of £53.35 million, which was due to slippage on both the approved and provisional capital programme, as detailed in the report.

The Council held £114 million of investments and £206 million of external borrowing as at 30 September 2019, which included £192.9 million of HRA loans. Officers confirmed that the Council had complied with its Prudential indicators in the period, which had been set in February 2019 as part of the Council's Capital Strategy.

Comments from the Committee included the following points:

- Whilst there was some concern over the number of void industrial properties, it was noted that many of these had been planned whilst redevelopment took place, for example at Midleton industrial Estate. In other cases, the Council had bought into investment properties on Slyfield that were going to be void for a period of time for refurbishment works in order to get them to a lettable state.
- In response to a question as to whether there had been an incorrect accrual in respect of the position at total service level compared to the position discussed at the previous meeting, which had forecasted an underspend at total service level; and whether any decisions had been taken based on a forecast underspend which now needed to be revisited. In response, the Director of Finance assured the Committee that there had not been an incorrect accrual. Whilst the accrual at year end had been correct, it had not been written out correctly in the current financial year. No decisions had been taken based on an erroneous forecast underspend at total service level.
- In relation to town centre management sponsorship, it was noted that whilst the amount of sponsorship achieved had been disappointing compared to the budgeted figure of £190,000, the Director of Finance informed the Committee that the officers had undertaken a review of opportunities for sponsorship and advertising income, the results of which had indicated the potential level of sponsorship income that could be achieved. The process of securing sponsorship had been slower than had been anticipated.
- In response to a question as to the point at which the Council decides that the loss in capital value of an investment can no longer be sustained, the Director of Finance advised that investments were analysed and reviewed on a quarterly basis and that this report, whilst showing the change in capital value of an investment, did not show, other than the percentage, was the actual income stream achieved, which could be positive overall. Investments would normally be given up to three years to establish whether performance was acceptable. It was suggested that future reports could include an additional column in the relevant table summarising the Council's investment activity showing income streams.

- In response to a query regarding the reason for the outturn general fund capital expenditure for 2019-20 being lower than both the revised and originally approved figures, the Director of Finance explained that the reason for the revised figure of £107m was due to slippage from the previous year which had been carried forward into the current financial year.
- There was further discussion around the extent to which slippage in the capital programme was due to issues around project management. The Director of Finance assured the Committee that the governance around project management had been reviewed as part of the Future Guildford transformation project and a Project Management Office would be responsible for these governance arrangements. The process of reporting, estimating and profiling had improved in recent years. There was also a degree of political uncertainty in respect of certain major capital projects, which had led to slippage.
- It was noted that many of the Council's income streams were down partly due to general economic conditions, for example the reduced car parking income was an indication of footfall being down in the town centre, which was manifesting itself in the number of vacant units in the town as well as feedback from some retailers via the Business Improvement District. The Director of Finance indicated that it might be necessary to reassess income projections going forward.

Having considered the report, the Committee

RESOLVED: That the results of the Council's financial monitoring for the period April to September 2019 be noted.

Reason:

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

**CGS34 CONSIDERATION OF VARIOUS CORPORATE GOVERNANCE RELATED MATTERS**

Arising from a number of concerns raised by councillors in relation to ethical standards and transparency, the Committee considered a report setting out a proposal to establish a cross-party task group with a wide remit to consider, review and make recommendations on these matters.

At its meeting on 28 March 2019, the Committee received the Monitoring Officer's Annual Report on allegations of misconduct against borough and parish councillors for 2018. Part of that report included reference to recommendations contained in a report published by the Committee on Standards in Public Life (CSPL) on *Local Government Ethical Standards*. Although some of the recommendations required primary legislation to implement the changes sought, the CSPL had also put forward a number of best practice recommendations for local authorities to consider which did not require changes in the law. The Committee noted that the Council already complied, or partially complied, with some of the best practice recommendations and authorised the Monitoring Officer to take the necessary steps to ensure compliance with them and submit reports as appropriate to this Committee in due course.

It was suggested that the task group proposed in the report could look at these best practice recommendations and report back to the Committee on whether the Council should adopt those with which it did not currently comply.

The Committee was also informed that, in early 2019, a task group established by this Committee had reviewed the Protocol on Councillor/Officer Relations but did not report back on its findings as it was felt that the new Council should have the opportunity of providing input into

Agenda item number: 3

that review. It was suggested that the task group proposed in the report should review the work undertaken by the previous task group.

It is also suggested that the proposed task group should undertake the work agreed by the Council at its meeting on 8 October 2019, following the adoption of a motion which, amongst other matters, requested the establishment of a task group to examine the effectiveness of internal communications and promote transparency.

Having considered the report, the Committee

**RESOLVED:**

- (1) That a task group be established to examine, review, and report back initially to this Committee on the following matters:
  - (a) the Councillors' Code of Conduct, including the policy on acceptance of gifts and hospitality by councillors;
  - (b) the best practice recommendations of the Committee on Standards in Public Life contained within its Report on *Local Government Ethical Standards*
  - (c) the Council's guidance on the use of social media by councillors;
  - (d) the revised draft Protocol on Councillor/Officer Relations
  - (e) the effectiveness of internal communications, between officers and councillors; and
  - (f) proposals to promote transparency, and effective communications and reporting, including the Council's Communications Protocol.
  
- (2) That the task group shall comprise the following persons:
  - Councillor Tim Anderson
  - Councillor Liz Hogger
  - Councillor Nigel Manning
  - Councillor Ramsey Nagaty
  - Councillor James Walsh
  - Murray Litvak (independent member)

and appropriate officers.

Reason:

To facilitate proper consideration of a number of important corporate governance related matters.

**CGS35 WORK PROGRAMME**

The Committee considered its updated 12 month rolling work programme and noted that the meeting scheduled for 18 May 2020 was an error and should have been scheduled for 18 June 2020. Taking into account the suggestion made in the previous item, the Committee

**RESOLVED:**

- (1) That the updated 12 month rolling work programme, as set out in Appendix 1 to the report submitted to the Committee, be approved, subject to the addition of periodic reports back to the Committee in 2020 from the task group appointed to consider and review various corporate governance related matters.
  
- (2) That the meeting scheduled for 18 May 2020 be put back to Thursday 18 June 2020.

Reason:

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



The meeting finished at 7.43 pm

Signed .....

Chairman

Date .....

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Corporate Governance & Standards Committee Report

Ward(s) affected: All

Report of the Monitoring Officer

Author: Robert Parkin, Council Solicitor and Monitoring Officer

Tel: 01483 444135

Email: robert.parkin@guildford.gov.uk

Date: 15 January 2020

## **Annual Report of the Monitoring Officer regarding Misconduct Allegations**

### **Executive Summary**

This report is to inform and update members of the Committee about decisions taken on allegations of misconduct against borough and parish councillors for the 12-month period ending 31 December 2019.

#### **Recommendation to Committee:**

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

#### **Reasons for Recommendation:**

- To ensure members of the Committee and others to whom the report is circulated are updated as to complaints received and to enable them to consider learning points for the future.
- To seek to promote and maintain high standards of conduct amongst Members.

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

- 1.1 The purpose of this report is to inform and update members of the Committee about decisions taken on allegations of misconduct against borough and parish councillors during the year ending 31 December 2019.

### **2. Statutory background**

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

### **3. Strategic Priorities**

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

### **4. Relevant Government Policy and Relevant Council Policy**

- 4.1 The relevant government policies with regard to the ethical standards framework are contained in the Department for Communities and Local Government Guidance "[Openness and Transparency on Personal Interests: A guide for Councillors](#)". The Council's policy is contained in Part 5 of its Constitution, in particular the Councillors' Code of Conduct and the Council's Arrangements for dealing with allegations of misconduct by councillors and co-opted members.

### **5. Background**

- 5.1 The Act made fundamental changes to the system of regulation of standards of conduct for elected and co-opted councillors. The new provisions came into force on 1 July 2012.
- 5.2 Section 27(2) of the Act required the authority to adopt a code dealing with the conduct that is expected of members and co-opted members of the authority when they are acting in that capacity. Sections 28(6) and (7) of the Act required the Council to put in place Arrangements under which allegations that a councillor or co-opted member of the Council or of any of the 23 parish councils within the borough has failed to comply with the relevant code of conduct can be investigated and decisions made on such allegations.
- 5.3 Following the full council meetings on 8 May 2012 and 5 July 2012 the Council:
- Established this Committee with responsibility for a range of matters to include promoting and maintaining high standards of conduct by members and co-opted members of the authority;
  - Adopted a new Councillors' Code of Conduct;
  - Appointed an Independent Person;
  - Adopted Arrangements and procedures for dealing with misconduct complaints in relation to both borough and parish councillors;
  - Revised the Register of Members' Interests to reflect the new Disclosable Pecuniary Interests created under the Act and regulations made thereunder;
  - Authorised the making of all necessary changes to the Constitution.
- 5.4 After four years of operation, the Arrangements for dealing with misconduct complaints were reviewed by the Council with assistance from this Committee and the Standards Working Group in light of local experiences of handling cases, to benchmark the Council's Arrangements against emerging best practice and to ensure greater efficiency in the process. The revised Arrangements were approved

by this Committee and came into force on 24 November 2016, and were further reviewed in spring of 2018, with the modifications being adopted on 24 July 2018.

- 5.5 At its last meeting on 19 November 2019, this Committee [resolved](#) to convene a task group to examine, review, and report back on:
- (a) the Councillors' Code of Conduct, including the policy on acceptance of gifts and hospitality by councillors;
  - (b) the best practice recommendations of the Committee on Standards in Public Life contained within its Report on Local Government Ethical Standards
  - (c) the Council's guidance on the use of social media by councillors;
  - (d) the revised draft Protocol on Councillor/Officer Relations;
  - (e) the effectiveness of internal communications, between officers and councillors; and
  - (f) proposals to promote transparency, and effective communications and reporting, including the Council's Communications Protocol.

The work of that task group is underway and will report back to the Committee in accordance with its programme of work.

## **6. Details**

- 6.1 Attached at Appendix 1 is a list showing the decisions taken by the Monitoring Officer in relation to allegations made against borough councillors and parish councillors in accordance with the Council's adopted Arrangements for dealing with Allegations of Misconduct for the year ending 31 December 2019.

### Number of allegations

- 6.2 Throughout this period, there have been eight complaints in total. Of these, seven complaints were regarding borough councillors, and one was regarding a parish councillor.

### Action taken

- 6.3 Four of the complaints proceeded to stage 2, three were subject to no further action (two with informal offers of guidance), and one is subject to ongoing action. Two complaints are at stage one and ongoing.

### Type of complainant

- 6.4 The origin of the complaints (whether member of the public, or elected members of the authority) is set out in Appendix 1.

### Response times

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

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

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

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

## **7. Next steps**

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

## **8. Other courses of action considered but rejected**

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

## **9. Equality and Diversity Implications**

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

## **10. Financial Implications**

10.1 None

## **11. Legal Implications**

11.1 None, other than those implicit within this Report and Appendix 1.

## **12. Human Resource Implications**

12.1 None

## **13. Conclusion**

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

## **14. Background Papers**

As referred to in this Report and Appendix.

Case files referred to are exempt under the Local Government Act 1972 Part 1 of Schedule 12A paragraphs 1 and 2.

**15. Appendices**

Appendix 1: Allegations against Councillors & Parish Councillors under the Arrangements for dealing with Allegations of Misconduct – 1 January 2019 to 31 December 2019.

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**Decisions taken in relation to Allegations of Misconduct against Borough Councillors & Parish Councillors  
under the Arrangements for dealing with Allegations of Misconduct  
1 January 2019 to 31 December 2019**

Item	Borough or Parish Councillor	Relevant Parts of Code of Conduct	Decision	Comments	Complainant	Date complaint received	Date of Decision/ Outcome
1	Parish and Borough (two separate subject-members in same complaint)	Para 2 (1) Failure to treat others with respect Para 2(2)(B) intimidation/bullying Failure to act with openness, transparency, and honesty. Using position to improperly confer or secure an advantage. Para 4 - Bringing the Council into disrepute etc	No Further Action ("NFA") following local assessment (stage 2)	No evidence that subject-members acted outside the Council's adopted procedures in relation to the relevant (planning) matters.  Individual subject-members made the appropriate declarations at the proper time.	Member of the public	16 Jan 2019	15 April 2019
2	Borough	Para 1(2) – objectivity Para 2 (3) and (4)	NFA following local assessment (stage 2)	No evidence of a breach of the code.  Accepting that no fault was found informal training offered on decisions relating to town and country planning matters.	Elected Member	22 May 2019	14 June 2019
3	Borough	Para 2 (1) - Failure to treat others with respect Para 3 - Disclosure of	Ongoing		Elected member	30 July 2019	

Item	Borough or Parish Councillor	Relevant Parts of Code of Conduct	Decision	Comments	Complainant	Date complaint received	Date of Decision/ Outcome
		information provided in confidence Para 4 - Bringing the Council into disrepute etc.					
4	Borough	Para 4 - Failure to act with integrity, honesty, and failure to keep an open mind	NFA stage 2 following local assessment.	No evidence of a breach.	Member of the public	14 August 2019	19 September 2019
5	Borough	Para 2 (1) - Failure to treat others with respect Para 2 (2) - Must not bully any person Para 2 (2) - Must not do anything which compromise or is likely to compromise the impartiality of those who work for, or on behalf of the Council Para 3 – must not disclose information given to you in confidence. Para 4 – must not bring the Council into disrepute.	Stage 1	Ongoing (investigation suspended pending the outcome of a related complaint)	Member of the public	29 August 2019	

Item	Borough or Parish Councillor	Relevant Parts of Code of Conduct	Decision	Comments	Complainant	Date complaint received	Date of Decision/ Outcome
6	Borough	<p>Para 1 (2) - Objectivity</p> <p>Para 2 (1) - Failure to treat others with respect</p> <p>Para 2 (2) - Must not do anything which compromise or is likely to compromise the impartiality of those who work for, or on behalf of the Council</p> <p>Para 4 - Bringing the Council into disrepute.</p> <p>Para 7 - Failure to act objectively, with selflessness, and honesty/accountability</p>	Stage 2 – NFA after initial assessment	No finding of breach	Elected member	14 August 2019	2 October 2019
7	Borough	<p>Para 5 – using position improperly to secure an advantage</p> <p>Para 7 – failure to maintain and open mind/avoid pre-determination</p>	Stage 1	Ongoing (process suspended pending the outcome of a related complaint)	Public	12 October 2019	ongoing
8	Borough	<p>Para 2 (1) – Failure to treat others with respect</p> <p>Para 2 (2) – must not</p>	Stage 1	Ongoing		20 December 2019	Ongoing

Item	Borough or Parish Councillor	Relevant Parts of Code of Conduct	Decision	Comments	Complainant	Date complaint received	Date of Decision/ Outcome
		<p>bully, intimidate, must not do anything which compromises or is likely to compromise the impartiality of those who work for, or on behalf, of the Council</p> <p>Para 5 – must not use their position to improperly confer or secure an advantage</p> <p>Para 7 – must consider matters with an open mind, and must not be biased or predetermined.</p>					

Corporate Governance and Standards Committee Report

Ward(s) affected: n/a

Report of Director of Strategy

Author: Ciaran Ward

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Lead Councillor responsible: Caroline Reeves

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Date: 15 January 2020

## Freedom of Information Compliance: Annual Report 2019

### Executive Summary

This is the Annual Report for the 2019 calendar year monitoring 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 responses to FOI requests during 2019 was 94%, which compares favourably with the figure of 93% recorded at the end of 2018, and that of 91.5% during 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 and improving performance following requests for information made to the Council

**Is the report (or part of it) exempt from publication? No**

### 1. Purpose of Report

- 1.1 This Committee considers six monthly reports on the Council's performance in responding to FOI and EIR requests and identifying how it can make improvements to the way in which it responds to such 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 2019**

3.1 The Council received 732 FOI/EIR requests during the calendar year 2019. A total of 786 were received in 2018, so there has been an 7% decrease in requests over the last 12 months. This may be due in part to the Council’s online Disclosure Log, which has been live for almost a year now and has details of 350 responses – <https://guildford.disclosurelog.co.uk>.

3.2 The Council’s performance for 2019 is 94% of requests being closed within the statutory period (20 working days), compared with a figure of 93% in 2018, 91.5% in 2017 and 84% in 2016, 80% in 2015 –so for the fourth consecutive year performance has improved.

**4. Requests received by Directorate, January – December 2019**

4.1 The Finance directorate received the most requests with 217 (almost 30% of the total requests received). Of these requests, 98% were answered within the 20 working day time-scale.

4.2 The best performing directorates were Finance and Planning with impressive compliance rates of 98% and 97% respectively.

4.3 All directorates are currently performing above the regulatory performance target of 85% as set by the Information Commissioner’s Office (ICO).

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

Directorate	Requests received	Requests answered in time (within 20 working days)	Percentage answered in time
Community	198	187	94%
Environment	160	142	89%
Finance	217	213	98%

Directorate	Requests received	Requests answered in time (within 20 working days)	Percentage answered in time
Management Team	44	41	93%
Planning & Regeneration	113	110	97%
<b>TOTAL/AVERAGE</b>	<b>732</b>	<b>697</b>	<b>94%</b>

4.4 Ten 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 68 occasions to date this calendar year – marking a very similar trend to last year’s figure of 71.

5.2 This is largely due to the information being readily available on the Council’s website – e.g. information on business rates, public health funerals, planning applications, houses in multiple occupation (HMOs).

5.3 The next most commonly applied exemptions were section 40 (where third-party personal data is involved – used on 19 occasions) and section 43 relating commercial interests – cited on 12 occasions.

## 6. Categories of Requester

6.1 The highest proportion of requests during 2019 were from members of the public, accounting for 35% of all FOI/EIR requests – see table below for full figures.

**Fig 2 – Categories of Requester**

Correspondent Group	No. of requests	%
Charity	27	4%
Private Company	136	18.5%
Professional body	48	6.5%
Campaign Group	23	3%
Media	69	9%
Political	13	2%
“WhatDoTheyKnow”	39	5%
Trade Union	5	0.5%
Academic	13	2%
Member of the Public	254	35%
Legal	4	0.5%
Other local authorities	14	2%
Other	87	12%

**7. Internal Reviews**

- 7.1 Ten FOI/EIR requests so far this year have gone to internal review stage – compared with eight for last year. In the case of one appeal, the Council’s original decision was overturned, and the information which had been withheld was released to the appellant. In all the other reviews, the original decision was either partially or completely upheld.

**8. Subject Access Requests (SARs)**

- 8.1 The Council received 18 SARs in 2019 compared with 25 in 2018. Following the coming into force of the General Data Protection Regulation (GDPR) in May 2018, the Council experienced a spike in the number of requests received, particularly in the second half of last year. However, now that the dust around the GDPR has largely settled, the trend has since 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 third consecutive year. Notably, ten service areas deserve special commendation for achieving a 100% compliance rate.
- 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 01/01/19 – 31/12/19

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**FOI/EIR Requests received by service area, 01/01/19 – 31/12/19**

<b>Service Area</b>	<b>Total requests</b>	<b>Total answered in time</b>	<b>Percentage</b>
<b>COMMUNITY</b>			
Corporate Property	17	16	94%
Environmental Health	28	27	96%
Facilities Management	4	2	50%
Health & Community Care	45	44	98%
Housing Advice	44	41	93%
Licensing	20	19	95%
N & H Management	27	25	92%
Private Sector Housing	13	13	100%
<b>SUB-TOTAL</b>	<b>198</b>	<b>187</b>	<b>94%</b>
<b>ENVIRONMENT</b>			
Bereavement	13	11	85%
Fleet & Waste	53	43	81%
Legal	36	35	97%
Leisure Services	2	1	50%
Parking	22	21	95%
Parks & Countryside	34	31	91%
<b>SUB-TOTAL</b>	<b>160</b>	<b>142</b>	<b>89%</b>
<b>FINANCE</b>			
Benefits	10	10	100%
Business Rates & Systems	82	82	100%
Council Tax	32	32	100%
Democratic Services	20	20	100%
Financial Services	23	19	82.5%
ICT	50	50	100%
<b>SUB-TOTAL</b>	<b>217</b>	<b>213</b>	<b>98%</b>
<b>MANAGEMENT TEAM</b>			
Audit & Business Improvement	6	5	83%
HR	28	28	100%
Policy & Partnership	5	5	100%
PR & Marketing	5	3	60%
<b>SUB-TOTAL</b>	<b>44</b>	<b>41</b>	<b>93%</b>
<b>PLANNING &amp; REGEN</b>			
Planning	103	100	97%
Economic Development	6	6	100%
Major Projects	4	4	100%
<b>SUB-TOTAL</b>	<b>113</b>	<b>110</b>	<b>97%</b>
<b>TOTAL</b>	<b>732</b>		<b>94%</b>

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Corporate Governance and Standards Committee Report

Ward(s) affected: All

Report of Resources Director

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Lead Councillor responsible: Joss Bigmore

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Date: 15 January 2020

## **Capital and Investment Strategy 2020-21 to 2024-25**

### **Executive Summary**

The Capital and Investment strategy gives a high-level 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 associated risk is managed and the implications for future sustainability.

Decisions made now, and during the period of the strategy on capital and treasury management will have financial consequences for the Council for many years into the future. This report therefore includes details of 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 programme

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 £290 million. Officers have put forward bids, with a net cost to the Council of £47.8 million, increasing the underlying need to borrow to £338 million should these proposals be approved for inclusion in the programme.

Some capital receipts or revenue streams may arise as a result of investment 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 several 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 (2019-20 to 2023-24) and **Appendix 8** the capital vision schemes.

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

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 budget for investment income in 2020-21 is £1.684 million, based on an average investment portfolio of £79.8 million, at an average rate of 2.18%. The budget for debt interest paid is £5.656 million, of which £5.06 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 are termed non-financial investments (i.e. not treasury management investments).

The Council has £161.244 million of investment property on its balance sheet, generating a return of £9 million and a current yield of 6.3%.

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 has invested £12.251 million in its housing company – North Downs Housing (NDH). This is via 40% equity to Guildford Holdings Limited (£4.903 million) (who in turn pass

the equity to NDH) and 60% loan direct to NDH (£7.348 million) at a rate of base plus 5% (currently 5.75%). The loan is a repayment loan in line with the NDH business.

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 9 January 2020 and any comments will be reported to the Committee.

The Committee is invited to consider the Capital and Investment Strategy 2020-21 to 2024-25 and comment on the following recommendations to the Executive at its meeting on 21 January 2020 and to full Council at the budget meeting on 5 February 2020:

### **Recommendation to Executive**

Subject to Council approving the budget on 5 February 2020, the Executive is asked to agree the following:

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

- Sutherland Memorial Park ph 1 Calorifier replacement
- Sutherland Memorial Park main pavilion amenity club
- Sutherland Memorial Park cricket pavilion

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:

- Investment property acquisition
- New house
- Energy & CO2 reduction in non-HRA properties
- 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:

- LED lighting
- Car Parks Maintenance Reserve
- Air Source heat pump at Citizens Advice Bureau

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.**

- (6) That scheme ref ED38(p) relating to the North Street Development on the provisional capital programme be reduced to £2 million and any further scheme be subject to a new business case.

**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 21 January 2020, 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 2020-21 to 2024-25
- To enable the Council, at its budget meeting on 5 February 2020, to approve the funding required for the new capital investment proposals

**Is the report (or part of it) exempt from publication? No**

**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 2020-21 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.

## **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 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 2020-21 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.

3.5 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)
- 3.6 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.
- 3.7 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.
- 3.8 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 programme (Appendices 3 to 8)

- 4.4 A copy of the <sup>1</sup>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 actual financing<sup>2</sup> of each financial year's capital programme is determined in the year in question as part of the preparation of the Council's statutory accounts preparation.

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<sup>1</sup> The revised estimates for 2019-20 is the original estimate approved by Council in February 2018, plus any unspent approved expenditure from 2018-19, now planned for 2019-20, plus any amendments or additions to schemes approved during the financial year.

- 4.6 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.
- 4.7 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.
- 4.8 Officers calculate the interest estimates (both investment and borrowing interest) according to planned capital expenditure. We assume 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

- 4.9 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.
- 4.10 Bids are reviewed by CMT, and the JEABBTG from a councillor perspective. Any comments from that group are detailed later in the report.
- 4.11 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.
- 4.12 A summary of the new bids can be found in **Appendix 2**.
- 4.13 The Council has a current underlying need to borrow for the GF capital programme of £290 million. Officers have put forward schemes with a net cost to the Council of £47.8 million, increasing the underlying need to borrow to £338 million, should these proposals be approved for inclusion in the programme.
- 4.14 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.
- 4.15 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.

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<sup>2</sup> 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

- 4.16 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

- 4.17 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
- 4.18 The Prudential Code covers all capital expenditure and investment decisions and should consider all potential long-term liabilities relevant to the authority. This includes the consideration of investments and liabilities of subsidiary companies.
- 4.19 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.
- 4.20 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.
- 4.21 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*

- 4.22 This indicator is a summary of the Council's capital programme and financing of the programme, summarised in the table below.
- 4.23 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.
- 4.24 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>2019-20 Approved £000</b>	<b>2019-20 Outturn £000</b>	<b>2019-20 Variance £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>2024-25 Estimate £000</b>
<b>General Fund Capital Expenditure</b>								
- Main Programme	62,504	59,875	(2,629)	41,568	14,282	5,825	5,825	5,825
- Provisional schemes	17,476	2,262	(15,214)	102,867	64,072	87,335	5,162	0
- Schemes funded by reserves	6,769	6,730	(39)	3,365	1,500	500	0	0
- S106 Projects	36	150	114	0	0	0	0	0
<b>Total Expenditure</b>	<b>86,785</b>	<b>69,017</b>	<b>(17,768)</b>	<b>147,800</b>	<b>79,854</b>	<b>93,660</b>	<b>10,987</b>	<b>5,825</b>
<u>Financed by :</u>								
Capital Receipts	0	(2,031)	(2,031)	0	(4,000)	(11,200)	(10,987)	(5,825)
Capital Grants/Contributions	(19,681)	(7,554)	12,127	(41,368)	(7,550)	(5,500)	0	0
Capital Reserves/Revenue	(20,509)	(16,486)	4,023	(3,585)	(1,720)	(720)	0	0
Borrowing	(46,595)	(42,946)	3,649	(102,847)	(66,584)	(76,240)	0	0
<b>Financing - Totals</b>	<b>(86,785)</b>	<b>(69,017)</b>	<b>17,768</b>	<b>(147,800)</b>	<b>(79,854)</b>	<b>(93,660)</b>	<b>(10,987)</b>	<b>(5,825)</b>
<b>Housing Revenue Account Capital Expenditure</b>								
- Main Programme	8,567	11,739	3,172	5,758	5,525	4,025	4,075	1,400
- Provisional schemes	406	1,106	700	18,032	24,637	11,167	9,575	5,575
<b>Total Expenditure</b>	<b>8,973</b>	<b>12,845</b>	<b>3,872</b>	<b>23,790</b>	<b>30,162</b>	<b>15,192</b>	<b>13,650</b>	<b>6,975</b>
<u>Financed by :</u>								
- Capital Receipts	(1,404)	(2,240)	(836)	(5,745)	(7,656)	(3,165)	(400)	(700)
- Capital Reserves/Revenue	(7,569)	(10,605)	(3,037)	(8,046)	(12,506)	(2,027)	(3,250)	3,725
- Borrowing	0	0	0	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)
<b>Financing - Totals</b>	<b>(8,973)</b>	<b>(12,845)</b>	<b>(3,872)</b>	<b>(23,790)</b>	<b>(30,162)</b>	<b>(15,192)</b>	<b>(13,650)</b>	<b>(6,975)</b>

4.25 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).

4.26 The table above shows most 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*

4.27 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).

4.28 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.

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

4.30 Any estimated capital expenditure in para 4.24 which is shown to be funded from borrowing increases the CFR.

4.31 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 27 Nov 2019							
31st March:	2019	2020	2021	2022	2023	2024	2025
Loans Capital Financing Req.	294,706	337,488	424,133	500,960	598,660	676,771	776,585
Less: External Borrowing	(212,702)	(192,665)	(192,435)	(147,435)	(147,435)	(137,435)	(127,435)
<b>Internal (Over) Borrowing</b>	<b>82,004</b>	<b>144,823</b>	<b>231,698</b>	<b>353,525</b>	<b>451,225</b>	<b>539,336</b>	<b>649,150</b>
Less: Usable Reserves	(164,974)	(168,628)	(176,489)	(186,701)	(199,100)	(213,116)	(227,032)
Less: Working Capital Surplus	(12,361)	(12,361)	(12,361)	(12,361)	(12,361)	(12,361)	(12,485)
<b>(Investments) / New Borrowing</b>	<b>(95,331)</b>	<b>(36,166)</b>	<b>42,848</b>	<b>154,463</b>	<b>239,764</b>	<b>313,859</b>	<b>409,634</b>
Net Borrowing Requirement	117,371	156,499	235,283	301,898	387,199	451,294	537,069
Preferred Year-end Position	45,000	45,000	45,000	45,000	45,000	45,000	45,450
<b>Liability Benchmark (year-end)</b>	<b>162,371</b>	<b>201,499</b>	<b>280,283</b>	<b>346,898</b>	<b>432,199</b>	<b>496,294</b>	<b>582,519</b>
Peak to Trough Cash Flow	(7,388)	(7,462)	(7,536)	(7,612)	(7,688)	(7,765)	(7,842)
<b>Liability Benchmark (mid-year)</b>	<b>154,983</b>	<b>194,038</b>	<b>272,747</b>	<b>339,286</b>	<b>424,511</b>	<b>488,530</b>	<b>574,677</b>

Housing Revenue Account - Summary and Projections in £000							
31st March:	2019	2020	2021	2022	2023	2024	2025
HRA Loans CFR	197,024	207,024	217,024	227,024	237,024	237,024	237,024
HRA Reserves	(116,224)	(119,420)	(127,510)	(137,593)	(151,112)	(165,935)	(179,818)
HRA Working Capital	0	0	0	0	0	0	0
HRA Borrowing	(192,895)	(192,665)	(192,435)	(147,435)	(147,435)	(137,435)	(127,435)
<b>HRA Cash Balance</b>	<b>(112,095)</b>	<b>(105,061)</b>	<b>(102,921)</b>	<b>(58,004)</b>	<b>(61,523)</b>	<b>(66,346)</b>	<b>(70,229)</b>

General Fund - Summary and Projections in £000							
31st March:	2019	2020	2021	2022	2023	2024	2025
GF Loans CFR	97,682	130,464	207,109	273,936	361,636	439,747	539,561
GF Reserves	(48,750)	(49,208)	(48,979)	(49,108)	(47,988)	(47,181)	(47,214)
GF Working Capital	(12,361)	(12,361)	(12,361)	(12,361)	(12,361)	(12,361)	(12,485)
GF Borrowing	(19,807)	0	0	0	0	0	0
<b>GF Cash Balance</b>	<b>16,764</b>	<b>68,895</b>	<b>145,769</b>	<b>212,467</b>	<b>301,287</b>	<b>380,205</b>	<b>479,863</b>

4.32 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.

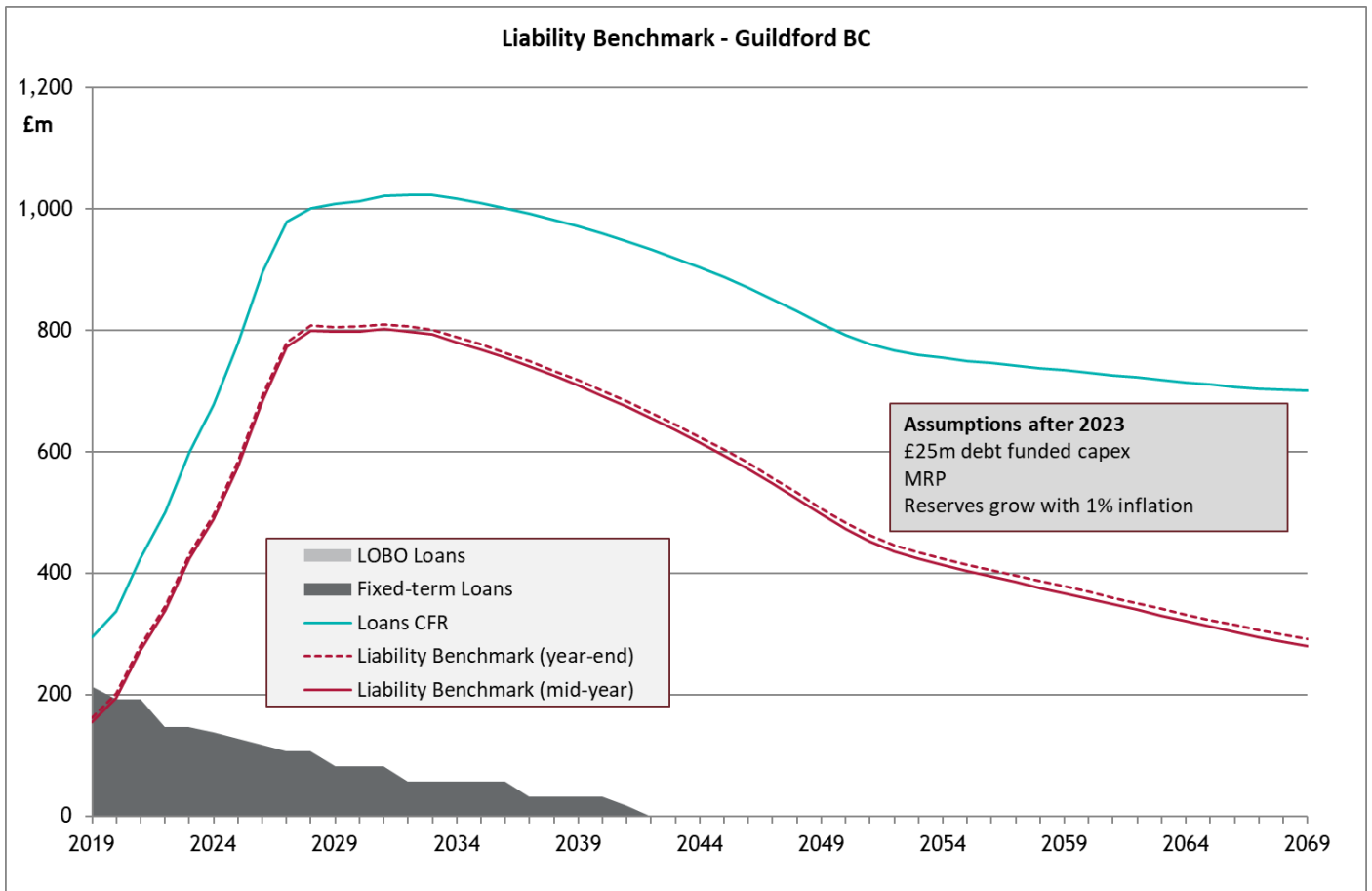
4.33 The GF CFR is forecast to increase by £409 million over the period, as capital expenditure financed by borrowing is greater than resources put aside for debt repayment.

4.34 The HRA CFR is also forecast to rise and the Council undertakes its house building programme funded by borrowing.

4.35 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.

4.36 The table above shows that debt is expected to remain below the CFR during the period shown.

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



4.38 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*

4.39 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.

4.40 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.

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

Operational Boundary of External Debt	2019-20	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
	Approved £000	Revised £000	Estimate £000	Estimate £000	Estimate £000	Estimate £000	Estimate £000
Borrowing - General Fund	170,826	132,916	234,166	303,386	399,686	507,776	605,856
Borrowing - HRA	207,024	207,024	217,024	227,024	237,024	237,024	237,024
Other Long Term Liabilities	26,000	26,000	26,000	26,000	26,000	26,000	26,000
<b>Total</b>	<b>403,850</b>	<b>365,940</b>	<b>477,190</b>	<b>556,410</b>	<b>662,710</b>	<b>770,800</b>	<b>868,880</b>

4.42 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 IFRS16<sup>3</sup> in April 2020.

Authorised Limit for External Debt	2019-20	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
	Approved £000	Revised £000	Estimate £000	Estimate £000	Estimate £000	Estimate £000	Estimate £000
Borrowing - General Fund	230,326	189,616	288,066	362,086	463,486	578,176	682,956
Borrowing - HRA	207,024	207,024	217,024	227,024	237,024	237,024	237,024
Other Long Term Liabilities	26,000	26,000	26,000	26,000	26,000	26,000	26,000
<b>Total</b>	<b>463,350</b>	<b>422,640</b>	<b>531,090</b>	<b>615,110</b>	<b>726,510</b>	<b>841,200</b>	<b>945,980</b>

4.43 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*

4.44 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.

4.45 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).

4.46 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 Resources Director 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.

4.47 If there are negative figures, it means the interest receivable is higher than interest payable.

<sup>3</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.



4.48 The table shows the financing costs as a % of net revenue stream.

	2019-20 Approved	2019-20 Outturn	2020-21 Estimate	2021-22 Estimate	2022-23 Estimate	2023-24 Estimate	2024-25 Estimate
General Fund	6.47%	0.60%	8.07%	24.80%	33.03%	61.78%	67.70%
HRA	30.13%	31.46%	31.03%	31.29%	30.37%	30.35%	31.45%

4.49 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. The 2020-21 estimate is higher than 2019-20 outturn because of the increasing MRP and reducing cash balances. The large increase from 2021-22 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.

4.50 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

**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, from revenue, 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 adviser 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 2020, and unfinanced capital expenditure in 2019-20 of £44 million, the budget for MRP for 2020-21 and future years is:

2020-21	£1.639 million
2021-22	£1.593 million
2022-23	£2.470 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 (if 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 Generally, 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 enough 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 Resources Director (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. The Corporate Governance and Standards Committee is responsible for scrutinising treasury management decisions.
- 6.4 The Council currently has £193 million long-term borrowing which is all related to the HRA at an average rate of 3.20% and a cost of £5.09 million in interest. Short term borrowing, falling on the general fund, is expected to cost £0.3 million at an average rate of 0.85%. The Council's average investment portfolio is £105 million at an average rate of 1.73%, generating £1.9 million of interest.

#### Borrowing strategy

- 6.5 The Council's main objectives when borrowing is 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 4.31 to 4.38 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 £1.68 million in 2020-21.
- 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 investments to buy and the Council may request its money back at short notice.
- 6.11 The detailed investment strategy can also 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. Considering 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 Resources Director. 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 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 several 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 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.
- 7.9 Investment property is valued at £161.244 million as per the 2018-19 Statement of Accounts, with rent receipts of £8.9 million.
- 7.10 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.
- 7.11 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.
- 7.12 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.
- 7.13 Performance is also reviewed regularly throughout the year and an investment fund portfolio report submitted annually to the Property Review Group.
- 7.14 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. Where there is not an approved budget in the capital programme, approval will be sought in line with Financial Procedure Rules.
- 7.15 A bid has been submitted which proposes a fund of £40 million being set up to invest in property in order to increase the rental income stream for the Council and to stimulate and encourage business growth and sustainable development by investing in key strategic sites. To enable this, officers have also proposed a new property investment strategy.
- 7.16 The property investment strategy will provide a robust and viable framework for the acquisition of commercial properties located within the borough. This will direct investment in assets that local businesses occupy as well as those nationally or internationally that contribute to growth in the local economy. There will be continual evaluation of the property investment portfolio to meet the Council's priorities and ensure it is fit for purpose.
- 7.17 We will also 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, 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

- 7.18 On the face of the Council's balance sheet, there is £90.217 million of other long-term liabilities which relates to the pension fund liability.
- 7.19 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 2019-20 statement of accounts.
- 7.20 We have also set aside £2.8 million to cover risks of Business Rates appeals plus other smaller provisions. We have not allowed for any financial guarantees but have identified one relating to the Electric Theatre.
- 7.21 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 2018-19 Statement of Accounts.
- 7.22 Decisions on incurring new discretionary liabilities are taken by the relevant service leader and the Resources Director.
- 7.23 A new accounting standard, IFRS16 – accounting for leases, comes into effect from 1 April 2020. The key change is that accounting for lessees (i.e. leasing in assets) will change, and there will no longer be a distinction between finance and

operating leases. The Council is currently working through the implications, but it will mean an increase in the assets and liabilities of our balance sheet.

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.

	2018-19 Actual £000	2019-20 Outturn £000	2020-21 Budget £000	2021-22 Budget £000	2022-23 Budget £000	2023-24 Budget
Gross Service Expenditure	111,763	113,426	111,923	103,101	104,447	105,863
Investment property income	8,903	9,052	7,665	7,664	7,692	7,692
Treasury management income	1,985	1,920	1,685	1,547	1,564	1,797
Investment income %	10%	10%	8%	9%	9%	9%

- 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. Knowledge and skills**

- 8.1 The Council employs professionally qualified and experienced staff in senior positions with responsibility for making capital expenditure, borrowing and investment decisions. For example, the Resources Director and Lead Specialist (Finance) (s151 Officer and Deputy s151 Officer respectively) are both qualified accountants with many years’ post qualification experience. The Deputy Head of Asset Management is a qualified chartered surveyor and member of the Royal Institution of Chartered Surveyors (RICS) as are members of the Asset Management team. The Council pays for junior staff to study towards relevant professional qualifications including CIPFA, ACT (treasury), and RICS.
- 8.2 Where Council staff do not have the knowledge and skills required, use is made of external advisers 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.
- 8.3 Under the new MiFID regulations, 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.

**9. Risks**

- 9.1 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).

- 9.2 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.
- 9.3 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.
- 9.4 Slippage in the capital programme could also mean costs are higher than originally budgeted because of price inflation and changing market conditions.

#### Treasury management risks

- 9.5 The effective management and control of risk are prime objectives of the Council's treasury management activities. The treasury management strategy therefore sets out the various indicators and limits to constrain the risk of unexpected losses and details the extent to which financial derivatives may be used to manage treasury risks.
- 9.6 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.
- 9.7 Treasury management activity needs to be managed to maximise investment income and reduce debt interest whilst maintaining the Council's exposure to risk.
- 9.8 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.
- 9.9 Risk indicators relating to treasury management are in **Appendix 1** section 7.

#### Risks relating to non-financial assets

- 9.10 There are some key identifiable risks of investing in property.
- 9.11 A downturn in the property market could lead to falling rents or higher vacancies meaning that rental income may not cover borrowing costs.



- 9.12 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.
- 9.13 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. In addition, we undertake a prudent cash flow model for each prospective investment in order to appraise the cash flow risk and the internal rate of return of the investment, and we keep abreast of the latest property market information to inform decisions.

## **10. Consultations**

- 10.1 The new capital bids have been reviewed by the JEABBTG.
- 10.2 The Lead Councillor for Finance and Asset Management supports the recommendations in this report.

## **11. Financial Implications**

- 11.1 The financial implications are covered throughout the report, and in the appendices.
- 11.2 Although capital expenditure is not charged directly to the revenue budget, interest payable on loans and MRP are charged to revenue, offset by an income receivable. The net annual charge is known as financing costs; this is compared to the net revenue stream (i.e. the amount funded from Council Tax, business rates and general government grants).
- 11.3 The budget for treasury management investment income in 2020-21 is £1.68 million, based on an average investment portfolio of £78.9 million, at a weighted average rate of 2.18%. The budget for debt interest paid is £5.65 million, of which £5.058 million relates to the HRA. If actual levels of investments and borrowing, and actual interest rates differ from that forecast, performance against budget will be correspondingly different.
- 11.4 Income from investment property is estimated to be £7.664 million in 2020-21.
- 11.5 The MRP budget is £1.639 million in 2020-21.
- 11.6 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 many years into the future. The Resources Director is comfortable that the proposed capital programme is prudent, affordable and sustainable.

### Risk indicators

- 11.7 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

- 11.8 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.

<b>Total Investment Exposure</b>	<b>2018-19 Actual £000</b>	<b>2019-20 Forecast £000</b>	<b>2020-21 Forecast £000</b>
Treasury management investments	95,628	105,165	78,906
Service investments: Loans	4,619	8,998	13,498
Service investments: Shares	3,183	6,103	9,103
Investment property	161,244	148,244	148,244
<b>Total Investments</b>	<b>264,674</b>	<b>268,510</b>	<b>249,751</b>

How investments are funded

- 11.9 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.
- 11.10 The Council is not expected to borrow externally for any of the investment exposure in the table at para 11.8, 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

- 11.11 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.

<b>Investments net rate of return</b>	<b>2018-19 Actual £000</b>	<b>2019-20 Forecast £000</b>	<b>2020-21 Forecast £000</b>
Treasury management investments	1.38%	1.42%	1.14%
Service investments: Loans	5.75%	5.75%	5.75%
Service investments: Shares	0.00%	0.00%	0.00%
Investment property	6.30%	5.50%	5.50%

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

## **12. Legal Implications**

12.1 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

## **13. Human Resource Implications**

13.1 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.

## **14. Equality and Diversity Implications**

14.1 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 this report

## **15. Climate Change/Sustainability Implications**

15.1 There are no specific implications as a result of the report, however, capital bids have been made for some schemes relating to reducing carbon.

## **16. Joint Executive Advisory Board comments**

16.1 The Joint EAB will consider this report at their meeting on 9 January 2020. Their comments will be reported to this Committee at its meeting. The capital bids were reviewed by the JEABBTG. A summary of their comments, and the revisions made to the bids as a result, together with the revised bids will be circulated before the Committee meeting.

## 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:

Alternative	Impact on income / expenditure	Impact on risk management
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 £338 million by 31 March 2025.

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 2020-21 to 2024-25
- 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

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## 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 2020-21. The General Election has removed some uncertainty within the market, although there is still uncertainty around future trading relationships with the EU.
- 2.2 UK Consumer Price Inflation (CPI) for November is 1.5% year on year. The ILO unemployment rate continues to hold at historic lows at 3.8%. The headline 3-month average annual growth rate for pay was 3.5% in November providing some evidence that a shortage of labour is supporting wages. In real terms, after adjusting for inflation, pay growth increased 0.9% in October 2019.
- 2.3 GDP growth rose by 0.4% in the third quarter of 2019 from -0.2% in the previous three months with the annual rate falling further below its trend rate to 1.1% from 1.2%. Services and construction added positively to growth, by 0.5%, 1.2% and 0.4% respectively, while agriculture recorded a fall of 0.1%. Looking ahead, the Bank of England's Monetary Policy Report (formerly the Quarterly Inflation Report) forecasts economic growth to pick up during 2020 as Brexit-related uncertainties dissipate and provide a boost to business investment helping GDP reach 1.6% in Q4 2020, 1.8% in Q4 2021 and 2.1% in Q4 2022.
- 2.4 The Bank of England maintained Bank Rate to 0.75% in November 2019 following a 7-2 vote by the Monetary Policy Committee (MPC). Despite keeping rates on hold, MPC members did confirm that if Brexit uncertainty drags on or global growth fails to recover, they are prepared to cut interest rates as required. Moreover, the downward revisions to some of the growth projections in the Monetary Policy Report suggest the Committee may now be less convinced of the need to increase rates even if there is a Brexit deal.
- 2.5 In the US, the Federal Reserve began easing monetary policy again in 2019. It cut its rates three times to 1.50%-1.75% to stimulate growth as US GDP growth started to fall (to 2.1%).
- 2.6 The fallout from the US-China trade war continues and risks contributing to a slowdown in global economic activity.

### Credit outlook

- 2.7 The recent Bank of England stress tests assessed all seven UK banking groups. The tests include deep simultaneous recessions in the UK and global economies that are more severe than the global financial crisis, combined with large falls in asset prices and a separate stress of misconduct costs. All seven banks passed the test on CET1 ratio and leverage ratio basis. However, the tests are 11 months out of date when published, being based on end-2018 balance sheets. They also ignore the restrictions on transferring capital between ringfenced (retail) banks and non-ringfenced (investment) banks within their groups. The Bank of England have also announced they will add Virgin Money /Clydesdale to the testing group and separate tests will be included of ringfenced banks to enhance the metrics.
- 2.8 Challenger banks hit the news headlines in 2019 with Metro Bank and TSB Bank both suffering adverse publicity and falling customer numbers.

- 2.9 Looking forward, the potential for a “no-deal” Brexit and/or a global recession remain the major risks facing banks and building societies in 2020-21 and a cautious approach to bank deposits remains advisable.

**Interest rate forecast**

- 2.10 Arlingclose forecast the bank rate will remain at 0.75% until the end of 2022. The risks of this forecast is weighted to the downside.
- 2.11 The MPC has said it is unlikely to raise rates, even if Brexit deal is agreed.
- 2.12 Gilt yields have risen but remain at low levels, and Arlingclose are forecasting a very modest upward movement from current levels. The central case forecast is for 10- and 20-year gilts to rise by 1% and 1.4% respectively, however volatility in the short term is expected.

**3. Balance sheet and treasury position**

**Balance Sheet**

- 3.1 The Council has a strong asset backed balance sheet

Item	Balance at 31 Mar 18			Balance at 31 Mar 19		
	£000	£000		£000	£000	
Long-term Assets	893,702			937,854		
Short-term assets	27,189			36,107		
		920,891	88%		973,961	92%
Long-term investments	34,335			45,100		
Short-term investments	94,075			42,508		
		128,410	12%		87,608	8%
<b>Total assets</b>		<b>1,049,301</b>			<b>1,061,569</b>	
Current liabilities	(29,796)			(37,975)		
Long-term liabilities	(90,217)			(115,983)		
		(120,013)	33%		(153,958)	42%
Short-term borrowing	(48,965)			(20,337)		
Long-term borrowing	(192,895)			(192,665)		
		(241,860)	67%		(213,002)	58%
<b>Total liabilities</b>		<b>(361,873)</b>			<b>(366,960)</b>	
<b>Net assets</b>		<b>687,428</b>			<b>694,609</b>	

- 3.2 The summary balance sheet shows that cash investments make up only 8% of the Councils assets. Investment property makes up 17% of the long-term assets (being £161.244 million). The largest proportion of our liabilities is long-term borrowing, which is all 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.

	2018-19 Actual (£000)	2019-20 Estimate (£000)	2019-20 Outturn (£000)	2020-21 Estimate (£000)	2021-22 Estimate (£000)	2022-23 Estimate (£000)	2023-24 Estimate (£000)
Total debts	366,960	413,555	408,174	513,197	575,236	651,476	651,476
Total assets	1,061,569	1,157,327	1,145,799	1,319,566	1,425,037	1,533,889	1,558,526
Debt Ratio %	35%	36%	36%	39%	40%	42%	42%

3.4 This shows that our gearing is low, which is because of our strong asset base, and projecting forwards capital spend will continue to grow our 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 Councils' 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
Indicator	Description

Benchmarking of returns	As a measure against other investments and against other Councils' 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

- 3.8 These indicators will be calculated on an actual basis and will form part of the outturn report.

### Treasury position

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

	March 19 Actual £'000	Nov 19 position £'000
<b>Investments</b>		
<u>Managed in-house</u>		
Call Accounts	0	0
Notice Accounts - UK	8,000	8,000
Money Market Funds	13,229	17,332
Temporary Fixed Deposits	6,000	15,000
Long term Fixed Deposits	27,500	27,500
Certificates of Deposit	0	0
Unsecured bonds	2,300	0
Covered Bonds	18,850	15,850
Revolving credit facility	7,500	5,000
<b>Total investments managed in-house</b>	<b>83,379</b>	<b>88,682</b>
<u>Pooled Funds</u>		
<b>Total pooled funds investments</b>	<b>11,829</b>	<b>16,214</b>
<b>Total Investments</b>	<b>95,209</b>	<b>104,896</b>
<b>Borrowing</b>		
Temporary borrowing	20,000	45,000
Long-term borrowing (PWLb)	193,010	193,010
Long-term borrowing (LAs)	0	0
<b>Total borrowing</b>	<b>213,010</b>	<b>238,010</b>
<b>Net investments / (borrowing)</b>	<b>(117,801)</b>	<b>(133,114)</b>

- 3.10 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 2019 (the latest position).
- 3.11 Investment balances are slightly higher lower, due to more temporary borrowing. The net borrowing position has increased since March 2019 by £15.5 million because

there is a net increase in external borrowing as a result of expenditure on the capital programme.

#### 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 three types to enable 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:
- a) development for financial reasons - those schemes that are for economic growth, regeneration, redevelopment and income generation purposes, including housing schemes
  - b) development for non-financial reasons - those schemes that are for economic growth, regeneration, redevelopment, including housing schemes and infrastructure and
  - c) non-development essential schemes (i.e. those that must be done to keep our fixed assets in an acceptable condition) - 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
- 4.5 Type (a) 'development schemes for financial reasons' are required to provide a positive or neutral impact on the Councils' 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.
- 4.6 Type (b) 'development schemes for non-financial reasons' are required to provide regeneration in the borough to support economic growth in the borough.
- 4.7 Type (c) '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.
- 4.8 The capital programme covers a 5 to 10-year period, with more emphasis on the first five years.

- 4.9 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 Councils' 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.
- 4.10 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 Councils' 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.
- 4.11 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.
- 4.12 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 2, 4, 7, 10 and 11 and then as part of the final accounts report.
- 4.15 The proposed financing of the capital programme assume 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 years' capital programme is determined in the year in question, as part of the preparation of the Councils' 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 and for the new bids approved by the Executive is as follows:

<b>CAPITAL EXPENDITURE SUMMARY</b>	<b>2019-20 Approved £000</b>	<b>2019-20 Outturn £000</b>	<b>2019-20 Variance £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>2024-25 Estimate £000</b>
<b>General Fund Capital Expenditure</b>								
- Main Programme	62,504	59,875	(2,629)	41,568	14,282	5,825	5,825	5,825
- Provisional schemes	17,476	2,262	(15,214)	102,867	64,072	87,335	5,162	0
- Schemes funded by reserves	6,769	6,730	(39)	3,365	1,500	500	0	0
- S106 Projects	36	150	114	0	0	0	0	0
<b>Total Expenditure</b>	<b>86,785</b>	<b>69,017</b>	<b>(17,768)</b>	<b>147,800</b>	<b>79,854</b>	<b>93,660</b>	<b>10,987</b>	<b>5,825</b>
<b>Financed by :</b>								
Capital Receipts	0	(2,031)	(2,031)	0	(4,000)	(11,200)	(10,987)	(5,825)
Capital Grants/Contributions	(19,681)	(7,554)	12,127	(41,368)	(7,550)	(5,500)	0	0
Capital Reserves/Revenue	(20,509)	(16,486)	4,023	(3,585)	(1,720)	(720)	0	0
Borrowing	(46,595)	(42,946)	3,649	(102,847)	(66,584)	(76,240)	0	0
<b>Financing - Totals</b>	<b>(86,785)</b>	<b>(69,017)</b>	<b>17,768</b>	<b>(147,800)</b>	<b>(79,854)</b>	<b>(93,660)</b>	<b>(10,987)</b>	<b>(5,825)</b>
<b>Housing Revenue Account Capital Expenditure</b>								
- Main Programme	8,567	11,739	3,172	5,758	5,525	4,025	4,075	1,400
- Provisional schemes	406	1,106	700	18,032	24,637	11,167	9,575	5,575
<b>Total Expenditure</b>	<b>8,973</b>	<b>12,845</b>	<b>3,872</b>	<b>23,790</b>	<b>30,162</b>	<b>15,192</b>	<b>13,650</b>	<b>6,975</b>
<b>Financed by :</b>								
- Capital Receipts	(1,404)	(2,240)	(836)	(5,745)	(7,656)	(3,165)	(400)	(700)
- Capital Reserves/Revenue	(7,569)	(10,605)	(3,037)	(8,046)	(12,506)	(2,027)	(3,250)	3,725
- Borrowing	0	0	0	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)
<b>Financing - Totals</b>	<b>(8,973)</b>	<b>(12,845)</b>	<b>(3,872)</b>	<b>(23,790)</b>	<b>(30,162)</b>	<b>(15,192)</b>	<b>(13,650)</b>	<b>(6,975)</b>

4.19 The programme has slipped in 2019-20 – estimated expenditure on the GF of £86.8 million, has been reduced to £69 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 Councils' 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.

- 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 Councils' 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 Councils' Corporate Plan to show how well it contributes towards achieving the strategic objectives of the Council

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



- 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 (ie 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:

	2020-21 Projection	2021-22 Projection	2022-23 Projection	2023-24 Projection	2024-25 Projection
Affordable increase in financing costs	288,229	195,737	202,000	209,012	216,163
Maximum limit on non-development capital schemes	7,205,720	4,893,428	5,049,997	5,225,298	5,404,063

4.33 This limit does not apply to development capital schemes (i.e. those that will be undertaken for economic growth, regeneration, redevelopment or income generation purposes, titled development/infrastructure – non financial benefit and development – financial benefit) as these schemes are defined as those which are anticipated to have a neutral or positive impact on the GF revenue account or on the town. 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.
- 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 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 Councils' 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 Councils' 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 Councils' 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 showing 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 Councils' 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 hold 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 £25 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.

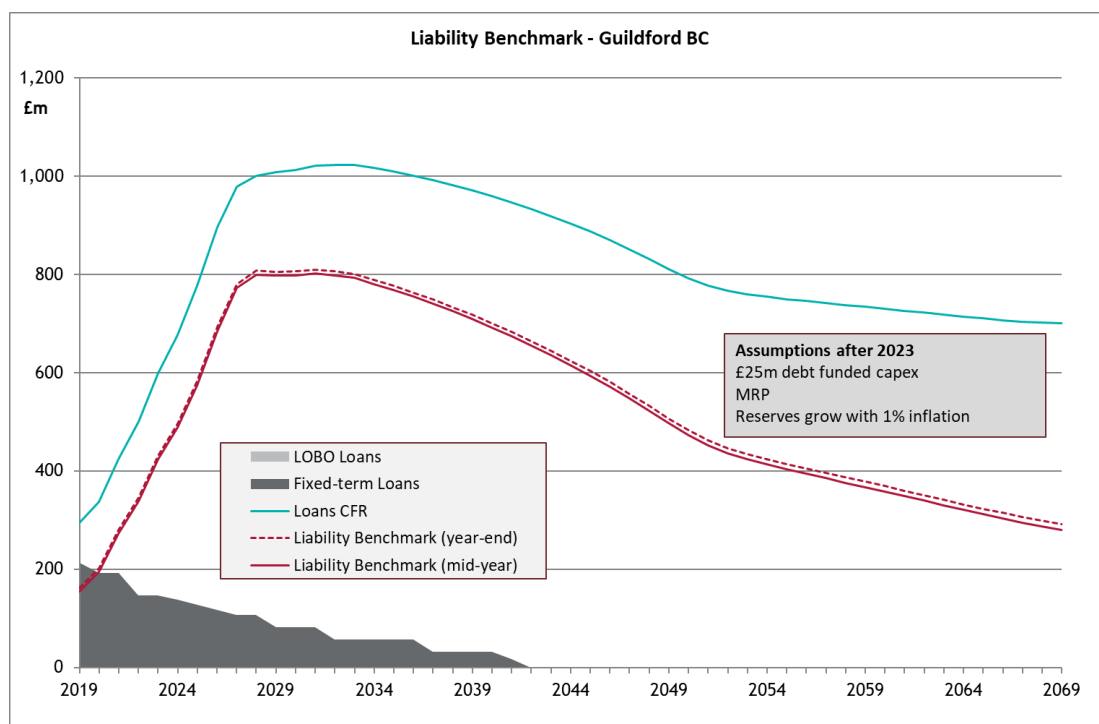
Guildford BC							
Balance Sheet Summary and Projections in £'000 - last updated 27 Nov 2019							
31st March:	2019	2020	2021	2022	2023	2024	2025
Loans Capital Financing Req.	294,706	337,488	424,133	500,960	598,660	676,771	776,585
Less: External Borrowing	(212,702)	(192,665)	(192,435)	(147,435)	(147,435)	(137,435)	(127,435)
<b>Internal (Over) Borrowing</b>	<b>82,004</b>	<b>144,823</b>	<b>231,698</b>	<b>353,525</b>	<b>451,225</b>	<b>539,336</b>	<b>649,150</b>
Less: Usable Reserves	(164,974)	(168,628)	(176,489)	(186,701)	(199,100)	(213,116)	(227,032)
Less: Working Capital Surplus	(12,361)	(12,361)	(12,361)	(12,361)	(12,361)	(12,361)	(12,485)
<b>(Investments) / New Borrowing</b>	<b>(95,331)</b>	<b>(36,166)</b>	<b>42,848</b>	<b>154,463</b>	<b>239,764</b>	<b>313,859</b>	<b>409,634</b>
Net Borrowing Requirement	117,371	156,499	235,283	301,898	387,199	451,294	537,069
Preferred Year-end Position	45,000	45,000	45,000	45,000	45,000	45,000	45,450
<b>Liability Benchmark (year-end)</b>	<b>162,371</b>	<b>201,499</b>	<b>280,283</b>	<b>346,898</b>	<b>432,199</b>	<b>496,294</b>	<b>582,519</b>
Peak to Trough Cash Flow	(7,388)	(7,462)	(7,536)	(7,612)	(7,688)	(7,765)	(7,842)
<b>Liability Benchmark (mid-year)</b>	<b>154,983</b>	<b>194,038</b>	<b>272,747</b>	<b>339,286</b>	<b>424,511</b>	<b>488,530</b>	<b>574,677</b>

Housing Revenue Account - Summary and Projections in £000							
31st March:	2019	2020	2021	2022	2023	2024	2025
HRA Loans CFR	197,024	207,024	217,024	227,024	237,024	237,024	237,024
HRA Reserves	(116,224)	(119,420)	(127,510)	(137,593)	(151,112)	(165,935)	(179,818)
HRA Working Capital	0	0	0	0	0	0	0
HRA Borrowing	(192,895)	(192,665)	(192,435)	(147,435)	(147,435)	(137,435)	(127,435)
<b>HRA Cash Balance</b>	<b>(112,095)</b>	<b>(105,061)</b>	<b>(102,921)</b>	<b>(58,004)</b>	<b>(61,523)</b>	<b>(66,346)</b>	<b>(70,229)</b>

General Fund - Summary and Projections in £000							
31st March:	2019	2020	2021	2022	2023	2024	2025
GF Loans CFR	97,682	130,464	207,109	273,936	361,636	439,747	539,561
GF Reserves	(48,750)	(49,208)	(48,979)	(49,108)	(47,988)	(47,181)	(47,214)
GF Working Capital	(12,361)	(12,361)	(12,361)	(12,361)	(12,361)	(12,361)	(12,485)
GF Borrowing	(19,807)	0	0	0	0	0	0
<b>GF Cash Balance</b>	<b>16,764</b>	<b>68,895</b>	<b>145,769</b>	<b>212,467</b>	<b>301,287</b>	<b>380,205</b>	<b>479,863</b>

- 5.7 The liability benchmark shows the lowest risk level of borrowing – i.e. using the Councils' 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 Councils' 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 Councils' 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 Councils' 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 Councils' 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 (2019-20 to 2021-22). The liability benchmark is expected to increase to £777 million by March 2025.
- 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 2020-21, 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 Councils' 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 2020-21 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 2020-21, 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 have previously borrowed our long-term HRA borrowing from the PWLB. But, the Government increased PWLB rates by 1% in October 2019, making it now a relatively expensive option. We will review all borrowing sources moving forwards and may explore the possibility of issuing bonds and similar instruments in order to lower interest costs and reduce over reliance on one source of funding, in line with the CIPFA Code.

5.28 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

5.29 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

*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 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 Councils' exposure to interest rate risk. Financial derivatives may be used to manage this interest rate risk (see below).

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 Councils' exposure to refinancing risk, in terms of loans being

unavailable. The upper and lower limits of on the maturity structure of borrowing will be:

<b>Maturity Structure of borrowing</b>		
	<b>2020-21</b>	
	<b>Lower</b>	<b>Upper</b>
Under 12 months	0%	50.00%
1 year to 2 years	0%	50.00%
3 years to 5 years	0%	60.00%
6 years to 10 years	0%	75.00%
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 investing 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.
- 5.38 If the UK enters into a recession in 2020-21, 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 2021-21. 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 The Council has had a review undertaken, and as such, linked to the profile of the capital programme, the optimum asset allocation is:

Overnight liquidity	5%
Long-term fixed deposits (1-3years)	21%
Unsecured bonds (1-4years)	21%
Covered bonds (1-5 years)	23%
External funds	5%
Revolving credit facility	2%
Asset backed securities	10%
Private bonds	13%

This will be reviewed annually.

- 5.41 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.
- 5.42 Under the new IRFS 9 accounting standard, the accounting of certain investments depends on the Councils' '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*

- 5.43 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 range	£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				

- 5.44 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.



- 5.45 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.
- 5.46 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.
- 5.47 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.
- 5.48 Banks unsecured: accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail.
- 5.49 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.
- 5.50 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.
- 5.51 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.
- 5.52 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.

- 5.53 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.
- 5.54 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.
- 5.55 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. Investments in REIT shares cannot be withdrawn but can be sold on the stock market to another investor.
- 5.56 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.
- 5.57 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.
- 5.58 In addition, we may make an investment that is defined as capital expenditure by legislation, such as company shares.
- 5.59 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*
- 5.60 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
- 5.61 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.
- 5.62 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.
- 5.63 We will not make investments with any organisation if there are substantive doubts about its credit quality, even if it meets the above criteria.
- 5.64 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 Councils’ 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.
- 5.65 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 2020-21.
  - Liquidity: we monitor our liquidity for a given financial year using an online 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.

- 5.66 Principal sums invested for periods longer than a year: the purpose of this indicator is to control the Councils' 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:

	2020-21 Approved	2021-22 Estimate	2022-23 Estimate	2023-24 Estimate
Upper limit for total principal sums invested for longer than a year	£50m	£50m	£40m	£30m

- 5.67 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.
- 6.6 In line with the CIPFA Code, the Council will seek external advice and will consider that advice before entering into financial derivatives to ensure that it fully understands the implications.

### Markets in Financial Instruments Derivative

- 6.7 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**

- 6.8 The Council operates a two-pooled approach to its loans portfolio, which means we separate long-term HRA and GF loans.
- 6.9 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.
- 6.10 We will charge long-term loan interest on an actual basis, as incurred.
- 6.11 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.

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SCHEDULE OF GENERAL FUND CAPITAL BIDS 2020-21 TO 2024-25

Bid number	Project title	GROSS ESTIMATES					TOTAL COST £000	Third party contr £000	Specific reserves £000	General reserves/ borrowing £000
		2020-21 £000	2021-22 £000	2022-23 £000	2023-24 £000	2024-25 £000				
	<b>General fund</b>									
	<u>Approved capital programme</u>									
1	SMP Ph 1 Calorifier replacement	28	0	0	0	0	<b>28</b>	0	0	28
2	SMP Main pavilion amenity club	50	0	0	0	0	<b>50</b>	0	0	50
3	SMP cricket pavilion	120	0	0	0	0	<b>120</b>	0	0	120
	<u>Provisional programme</u>									
4	Investment property acquisition	20,000	10,000	10,000	0	0	<b>40,000</b>	0	0	40,000
5	New House	416	0	0	0	0	<b>416</b>	0	0	416
6	Energy & CO2 reduction in Council non HRA properties	268	500	500	500	500	<b>2,268</b>	0	0	2,268
	Capital Contingency fund (annual budget)	0	0	0	0	5,000	<b>5,000</b>	0	0	5,000
	<b>Total</b>	<b>20,881</b>	<b>10,500</b>	<b>10,500</b>	<b>500</b>	<b>5,500</b>	<b>47,881</b>	<b>0</b>	<b>0</b>	<b>47,881</b>
	<b>For reserves programme (approved prog)</b>									
7	LED lighting	44	0	0	0	0	<b>44</b>	0	(44)	0
8	Car Parks Maintenance reserve	575	0	0	0	0	<b>575</b>	0	(575)	0
9	ASHP CAB	0	28	0	0	0	<b>28</b>	0	(28)	0
	<b>Total funded from reserves</b>	<b>619</b>	<b>28</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>647</b>	<b>0</b>	<b>(647)</b>	<b>0</b>
	<b>Gross total</b>	<b>21,500</b>	<b>10,528</b>	<b>10,500</b>	<b>500</b>	<b>5,500</b>	<b>48,528</b>	<b>0</b>	<b>(647)</b>	<b>47,881</b>
	Funded by reserves or contributions	(619)	(28)	0	0	0	<b>(647)</b>			
	<b>Cost to the Council</b>	<b>20,881</b>	<b>10,500</b>	<b>10,500</b>	<b>500</b>	<b>5,500</b>	<b>47,881</b>			
	Already in programme	0	0	0	0	0	<b>0</b>			
	<b>Net addition to the programme</b>	<b>20,881</b>	<b>10,500</b>	<b>10,500</b>	<b>500</b>	<b>5,500</b>	<b>47,881</b>			
						<b>47,881</b>				

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GENERAL FUND CAPITAL PROGRAMME - ESTIMATED EXPENDITURE 2019-20 to 2024-25

Ref	Directorate/Service and Capital Scheme name	Approved gross estimate (a) £000	Cumulative spend at 31-03-19 (b) £000	2019-20						Expenditure at 02.12.2019 (e) £000	Projected exp est by project officer (f) £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	2024-25 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	Funded from Reserves	Net cost of scheme (h)-(i) = (j) £000
				Estimate approved by Council in February (c) £000	Rolled over (d) (i) £000	Supplementary Ests (d) (ii) £000	Virements (d) (ii) £000	Revised estimate (d) £000													
<b>APPROVED SCHEMES</b>																					
<b>COMMUNITY DIRECTORATE</b>																					
<b>General Fund Housing</b>																					
ED30	Home Farm, Effingham - provision of Gypsy and Traveller	1,000	987	-	-	-	-	-	(10)	-	-	-	-	-	-	-	987	-	-	987	
	Disabled Facilities Grants		annual	605	-	-	-	605	280	605	605	605	605	605	605	3,025	3,630	(710)	-	2,920	
	Better Care Fund			-	-	-	-	-	121	-	-	-	-	-	-	-	-	-	-	-	
	Home Improvement Assistance			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	Solar Energy Loans			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	BCF TESH Project			-	-	-	-	-	5	-	-	-	-	-	-	-	-	-	-	-	
	BCF Prevention grant			-	-	-	-	-	4	-	-	-	-	-	-	-	-	-	-	-	
	SHIP			-	-	-	-	-	1	-	-	-	-	-	-	-	-	-	-	-	
	General Grants to HAs		annual	100	-	-	-	100	-	100	100	100	100	100	100	500	600	-	-	600	
	General feasibility, site preparation costs for affordable housing		annual	120	-	-	-	120	-	120	120	120	120	120	120	600	680	-	-	680	
	Bright Hill Car Park Site			19	-	-	-	-	8	30	-	-	-	-	-	-	-	-	-	-	
	Garage Sites-General			160	-	-	-	-	1	1	-	-	-	-	-	-	-	-	-	-	
	Japonica Court/Shawfield Day Centre COMPLETE			4	-	-	-	-	2	2	-	-	-	-	-	-	-	-	-	-	
	Site B10b feasibility			-	-	-	-	-	2	2	-	-	-	-	-	-	-	-	-	-	
	Redevelopment bid 13			-	-	-	-	-	12	45	-	-	-	-	-	-	-	-	-	-	
<b>Corporate Property</b>																					
ED3/15	Disabled Access (DDA) Improvements: ph.2 & 3	404	368	-	36	-	-	36	0	36	-	-	-	-	-	-	404	-	-	404	
ED14(e)	Void investment property refurbishment works	400	237	10	47	-	-	47	-	47	-	-	-	-	-	-	400	-	-	400	
ED14	5 High Street void works			55	50	-	-	105	42	105	-	-	-	-	-	-	-	-	-	-	
ED14	Unit 3 The Billings void works			-	1	-	-	1	1	1	-	-	-	-	-	-	-	-	-	-	
ED15	Liongate void works			-	-	-	-	10	10	10	-	-	-	-	-	-	-	-	-	-	
ED14	10 Middleton void works	230		130		100		230	7	230	-	-	-	-	-	-	230	(100)	-	130	
ED19	Asbestos surveys and removal in non-residential council	158	130	32	(4)	-	-	28	16	28	-	-	-	-	-	-	158	-	-	158	
ED21	Methane gas monitoring system	100	45	45	10	-	-	55	-	51	-	-	-	-	-	-	96	-	-	100	
ED21a	Methane gas monitoring Depots			-	-	-	-	-	-	4	-	-	-	-	-	-	-	-	-	-	
ED22	Energy efficiency compliance - Council owned properties	245	58	-	187	-	-	187	9	50	137	-	-	-	-	137	245	-	-	245	
ED26	Bridges - Inspections and remedial works	317	173	-	130	-	-	130	-	130	-	-	-	-	-	-	317	-	-	317	
ED26	Bridges - Millmead Footbridge			4	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
ED26	Bridges - Shalford Common			1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
ED26	Bridges - Millmead Lattice			9	-	-	-	-	8	-	-	-	-	-	-	-	-	-	-	-	
ED26	Bridges - Shalford Rd/Millmead Island			0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
ED35	Electric Theatre - new boilers	120	-	120	-	-	-	120	-	120	-	-	-	-	-	-	120	-	-	120	
ED41	The Billings roof	200	27	-	(2)	-	-	(2)	(1)	(2)	175	-	-	-	-	175	200	-	-	200	
ED42	Guildford house dampproofing- removal of decayed timber	35	31	-	4	-	-	4	1	4	-	-	-	-	-	-	35	-	-	35	
ED44	Broadwater cottage	224	69	172	(17)	-	-	155	14	155	-	-	-	-	-	-	224	-	-	224	
ED45	Gunpowder mills - scheduled ancient monument	222	5	145	20	-	-	165	4	165	52	-	-	-	-	52	222	-	-	222	
ED46	New House - short term works following acquisition	70	54	-	16	-	-	16	-	16	-	-	-	-	-	-	70	-	-	70	
ED51(p)	Guildford House Exhibition lighting	50	-	50	-	-	-	50	-	50	-	-	-	-	-	-	50	-	-	50	
ED47	Cladding of Ash Vale units	145	13	135	(3)	-	-	132	(8)	40	92	-	-	-	-	92	145	-	-	145	
ED55	48 Quarry Street, Museum - structural works	250	15	232	3	-	-	235	193	235	-	-	-	-	-	-	250	-	-	250	
ED53	Tyting Farm Land-removal of barns and concrete hardstanding	200	-	200	-	-	-	200	7	200	-	-	-	-	-	-	200	-	-	200	
ED56	Foxenden Tunnels safety works	110		110	-	-	-	110	15	110	-	-	-	-	-	-	110	-	-	110	
ED57	Holy Trinity Church boundary wall	63		63	-	-	-	63	4	63	-	-	-	-	-	-	63	-	-	63	
<b>Office Services</b>																					
BS4	Hydro private wire - Tollhouse to Millmead	4	3	-	1	-	-	1	-	1	-	-	-	-	-	-	4	-	-	4	
	Millmead - IT Cooling System	150	18	-	132	-	-	132	9	132	-	-	-	-	-	-	150	-	-	150	
<b>COMMUNITY DIRECTORATE TOTAL</b>		<b>4,696</b>	<b>2,430</b>	<b>2,324</b>	<b>611</b>	<b>100</b>	<b>0</b>	<b>3,035</b>	<b>757</b>	<b>2,766</b>	<b>1,281</b>	<b>825</b>	<b>825</b>	<b>825</b>	<b>825</b>	<b>4,581</b>	<b>9,589</b>	<b>(810)</b>		<b>8,783</b>	
<b>ENVIRONMENT DIRECTORATE</b>																					
<b>Operational Services</b>																					
OP1	Safer Guildford: CCTV & Lighting Strategy - Lighting Strategy	345	324	21	0	-	-	21	-	0	21	-	-	-	-	21	345	-	-	345	
OP5	Mill Lane (Pirbright) Flood Protection Scheme	71	55	16	(0)	-	-	16	-	16	-	-	-	-	-	-	71	(19)	-	52	
OP6	Vehicles, Plant & Equipment Replacement Programme	9,845	5,750	579	116	-	-	695	328	695	4,220	-	-	-	-	4,220	10,665	(26)	-	10,639	
	Mary Road Flood (EA grant) COMPLETE	45	16	29	0	-	-	29	-	0	-	-	-	-	-	-	16	(16)	-	-	
OP20	Flood resilience measures (use in conjunction with grant funded)	100	-	100	-	-	-	100	-	100	-	-	-	-	-	-	100	-	-	100	
OP22	Litter bins replacement	265	112	-	153	-	-	153	-	0	153	-	-	-	-	153	265	-	-	265	
OP25	WRD roads and footpaths	150	95	40	15	-	-	55	59	55	-	-	-	-	-	-	150	-	-	150	
OP26	Morrow lane grille & headwall construction	60	3	57	(0)	-	-	57	-	(0)	57	-	-	-	-	-	60	-	-	60	
OP27	Morrow & Burpham surface water study	15	-	15	-	-	-	15	-	15	-	-	-	-	-	-	15	-	-	15	
OP28	Crown court CCTV	10	-	10	-	-	-	10	-	10	-	-	-	-	-	-	10	-	-	10	
OP17	New vehicle washing system	155	1	-	154	-	-	154	52	154	-	-	-	-	-	-	155	-	-	155	
<b>Parks and Leisure</b>																					
PL11	Spectrum Roof replacement	4,000	1,535	300	135	-	-	435	40	435	-	-	-	-	-	-	3,100	-	-	3,100	
	Spectrum roof - steelwork ph2	-	409	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	

GENERAL FUND CAPITAL PROGRAMME - ESTIMATED EXPENDITURE 2019-20 to 2024-25

Ref	Directorate/Service and Capital Scheme name	Approved gross estimate (a) £000	Cumulative spend at 31-03-19 (b) £000	2019-20			Revised estimate (d) £000	Expenditure at 02.12.2019 (e) £000	Projected exp est by project officer (f) £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	2024-25 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	Funded from Reserves	Net cost of scheme (h)-(i) = (j) £000	
				Estimate approved by Council in February (c) £000	Rolled over (d) (i) £000	Supplementary Ests (d) (ii) £000														Virements (d) (ii) £000
	Spectrum roof - steelwork ph3	-	720	-	-	-	19	-							-	-				
PL25	Spectrum Combined Heat and Power (GF contr) COMPLETE	867	290	-	77	-	77	15	15	-	-	-	-	-	305	-		305		
PL15	Infrastructure works: Guildford Commons	150	3	-	-	-	-	-	-	-	-	-	-	-	3	-		3		
PL15(a)	Infrastructure works: Guildford Commons: Merrow	-	12	-	5	-	5	2	5	-	-	-	-	-	17	-		17		
PL15(b)	Infrastructure works: Guildford Commons: Shalford	-	111	-	19	-	19	19	19	-	-	-	-	-	130	-		130		
PL20(b)	Westnye Gardens play area	125	118	-	7	-	7	1	7	-	-	-	-	-	125	(1)		124		
PL20(c)	Redevelopment of Westborough and Park barn play area	320	-	250	-	-	250	-	25	295	-	-	-	295	320	-		320		
PL34	Stoke cemetery re-tarmac	47	-	47	-	-	47	-	-	47	-	-	-	47	47	-		47		
PL35	Woodbridge rd sportsground replace fencing	292	195	-	55	-	42	67	97	-	-	-	-	-	292	-		292		
PL36	Stoke Park Composting facility NO LONGER REQD	105	-	105	-	-	105	-	-	-	-	-	-	-	-	-		-		
PL39(P)	Aldershot rd allotment expansion & improvement	20	-	-	-	-	20	1	20	-	-	-	-	-	20	-		20		
PL42	Pre-sang costs	100	24	61	15	-	76	30	76	-	-	-	-	-	100	-		100		
PL43	Stoke Cemetry Chapel - phase 2(COMplete)	1	-	-	-	-	1	1	1	-	-	-	-	-	1	-		1		
PL47	Wall repairs for parks, cemeteries & recreation facilities	201	172	-	23	-	6	30	8	-	-	-	-	-	201	-		201		
PL57	Parks and Countryside - repairs and renewal of paths, roads and	165	94	-	71	-	71	6	71	-	-	-	-	-	165	-		165		
PL24	Kings college astro turf	547	76	-	470	-	470	417	470	-	-	-	-	-	547	(427)		120		
PL58	Shalford Common - regularising car parking/reduction of	121	-	60	-	-	60	22	22	99	-	-	-	99	121	-		121		
PL60	Allen House Pavillion - Roof Works	30	-	-	-	-	30	-	30	-	-	-	-	-	30	-		30		
PL60	Traveller encampments - Bellfields Green	72	-	72	-	-	72	39	72	-	-	-	-	-	72	-		72		
PL60	Traveller encampments - Shalford Common	48	-	48	-	-	48	-	48	-	-	-	-	-	48	-		48		
<b>ENVIRONMENT TOTAL DIRECTORATE</b>		<b>18,272</b>	<b>10,117</b>	<b>1,810</b>	<b>1,315</b>	-	<b>79</b>	<b>3,225</b>	<b>1,127</b>	<b>2,488</b>	<b>4,892</b>	-	-	-	<b>4,892</b>	<b>17,497</b>	<b>(489)</b>		<b>17,008</b>	
<b>FINANCE DIRECTORATE</b>																				
<b>Financial Services</b>																				
FS1	Capital contingency fund	annual	-	5,000	-	-	(446)	4,554	-	4,554	5,000	5,000	5,000	5,000	5,000	25,000	29,554	-	29,554	
<b>RESOURCES DIRECTORATE TOTAL</b>		<b>0</b>	<b>0</b>	<b>5,000</b>	<b>0</b>	<b>0</b>	<b>(446)</b>	<b>4,554</b>	<b>0</b>	<b>4,554</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>29,554</b>	<b>0</b>	<b>29,554</b>	
<b>DEVELOPMENT/INCOME GENERATING/COST REDUCTION PROJECTS</b>																				
<b>Development / Infrastructure</b>																				
ED54	Rodboro Buildings - electric theatre through road and parking	450	10	450	(10)	-	440	5	70	280	-	-	-	280	360	-		360		
ED18	Museum and castle development	1,652	188	180	264	-	444	132	444	1,020	-	-	-	1,020	1,652	-		1,652		
ED52	Public Realm Scheme (Chapel Street/Castle Street/Tunsgate)	2,627	992	1,425	(157)	367	1,635	12	1,635	-	-	-	-	-	2,627	(10)	(1,615)	1,002		
	Investment in North Downs Housing (60%)	15,180	4,619	3,600	779	-	4,379	2,730	4,379	4,500	1,682	-	-	6,182	15,180	-		15,180		
	Equity shares in Guildford Holdings Ltd (40%)	10,120	3,083	2,400	520	-	2,920	1,820	2,920	3,000	1,117	-	-	4,117	10,120	-		10,120		
P5	Walnut Bridge replacement	3,341	1,366	801	63	-	864	166	864	1,094	17	-	-	1,111	3,341	(1,825)		1,516		
ED32	Internal Estate Road - CLLR Phase 1	11,139	2,292	6,500	2,347	-	8,847	6,893	8,847	-	-	-	-	-	11,139	(5,100)		6,039		
P9c	Town Centre Gateway Regeneration	3,523	43	3,481	(1)	-	3,480	7	(0)	3,480	-	-	-	3,480	3,523	-		3,523		
	SMC(West) Phase 1	3,850	250	1,383	552	-	1,935	344	625	2,975	-	-	-	2,975	3,850	(2,725)		1,125		
P16	A331 hotspots	3,930	147	2,230	153	-	2,383	62	637	3,146	-	-	-	3,146	3,930	(1,965)		1,965		
P14	Town Centre Approaches	1,033	-	1,033	-	-	1,033	1	217	816	-	-	-	816	1,033	(700)		333		
P20	Bedford Wharf Landscaping	150	1	150	(1)	-	149	3	-	149	-	-	-	149	150	-		150		
P22	Ash Bridge Land acquisition	120	2	-	118	-	118	100	118	-	-	-	-	-	120	-		120		
P21	Ash Road Bridge	4,060	646	4,060	(646)	-	2,814	627	1,200	2,214	-	-	-	2,214	4,060	(4,060)		(0)		
P11	Guildford West (PB) station	500	-	500	-	-	500	-	500	-	-	-	-	-	500	-		500		
<b>Development Financial</b>																				
ED25	Guildford Park - new MSCP and infrastructure works	6,500	1,803	3,509	253	-	3,762	165	300	3,462	-	-	-	3,462	6,500	-		6,500		
	Guildford Park - Housing for private sale		935					123	-											
ED49	Middleton Ind Est Redevelopment	9,350	255	3,649	(54)	-	3,595	409	3,595	5,500	-	-	-	5,500	9,350	-		9,350		
P12	Strategic property acquisitions	8,520	-	4,647	-	3,873	8,520	7,007	8,520	-	-	-	-	-	8,520	-		8,520		
PL9	Rebuild Crematorium	11,822	4,472	7,372	(112)	90	7,350	4,534	7,350	-	-	-	-	-	11,822	-		11,822		
ED27	North Street Development / Guild Town Centre regeneration	977	741	-	236	-	236	38	0	236	-	-	-	236	977	(50)		927		
PL29	Woodbridge Rd sportsground	1,900	2,211	-	(311)	-	(311)	3	(0)	-	-	-	-	-	2,211	(496)		1,715		
ED6	Slyfield Area Regeneration Project (SARP)	15,225	3,214	6,000	(330)	-	5,670	7,055	10,215	700	1,096	-	-	1,796	15,225	(135)		15,090		
<b>DEVELOPMENT/INCOME GENERATING/COST REDUCTION</b>		<b>115,969</b>	<b>27,270</b>	<b>53,370</b>	<b>3,662</b>	<b>3,873</b>	<b>457</b>	<b>60,762</b>	<b>32,235</b>	<b>52,435</b>	<b>32,572</b>	<b>3,912</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>36,484</b>	<b>116,189</b>	<b>(17,067)</b>	<b>(1,615)</b>	<b>97,507</b>
<b>APPROVED SCHEMES TOTAL</b>		<b>138,937</b>	<b>39,817</b>	<b>62,504</b>	<b>5,589</b>	<b>3,973</b>	<b>90</b>	<b>71,576</b>	<b>34,120</b>	<b>62,243</b>	<b>43,745</b>	<b>9,737</b>	<b>5,825</b>	<b>5,825</b>	<b>5,825</b>	<b>70,957</b>	<b>172,829</b>	<b>(18,366)</b>	<b>(1,615)</b>	<b>152,852</b>
non-development projects total		22,968	12,547	9,134	1,926	100	(367)	10,814	1,884	9,808	11,173	5,825	5,825	5,825	34,473	56,640	(1,299)	0	55,345	
development/infrastructure - non-financial benefit		61,675	13,639	28,193	3,980	0	367	31,940	12,902	22,455	22,674	2,816	0	0	25,490	61,584	(16,385)	(1,615)	43,584	
development- financial benefit		54,294	13,631	25,177	(318)	3,873	90	28,822	19,334	29,980	9,898	1,096	0	0	10,994	54,605	(681)	0	53,924	
<b>TOTAL</b>		<b>138,937</b>	<b>39,817</b>	<b>62,504</b>	<b>5,589</b>	<b>3,973</b>	<b>90</b>	<b>71,576</b>	<b>34,120</b>	<b>62,243</b>	<b>43,745</b>	<b>9,737</b>	<b>5,825</b>	<b>5,825</b>	<b>5,825</b>	<b>70,957</b>	<b>172,829</b>	<b>(18,366)</b>	<b>(1,615)</b>	<b>152,852</b>

GENERAL FUND CAPITAL PROGRAMME - ESTIMATED EXPENDITURE 2019-20 to 2024-25

Ref	Directorate / Service Units Capital Schemes	Gross estimate approved by Executive (a) £000	Cumulative spend at 31-03-19 (b) £000	2019-20 Estimate approved by Council in February (c) £000	Rolled over (d) £000	Supp Ests (d) (i) £000	Virements (d) (i) £000	Revised estimate (e) £000	Expenditure at 02.12.2019 (f) £000	Projected exp est by project officer (g) £000	2020-21	2021-22	2022-23	2023-24	2024-25	Future years estimated expenditure (h) £000	Projected expenditure total (b) to (g)=(f) £000	Grants or Contributions towards cost of scheme (j) £000	Net total cost of scheme to the Council (i) - (j) = (k) £000
											Est for year (i) £000	Est for year (ii) £000	Est for year (iii) £000	Est for year (iv) £000	Est for year (v) £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	-	193	-	-	-	-	-	193	193	-	193
<b>Corporate Property</b>																			
ED14(P)	Void investment property refurbishment works	170	-	170	-	-	-	170	-	170	-	-	-	-	-	170	170	-	170
ED21(P)	Methane gas monitoring system	150	-	150	-	-	-	150	-	150	-	-	-	-	-	150	150	-	150
ED22(P)	Energy efficiency compliance - Council owned properties	950	-	-	-	-	-	-	-	950	-	-	-	-	-	950	950	-	950
ED26(P)	Bridges	370	-	370	-	-	-	370	-	370	-	-	-	-	-	370	370	-	370
ED48(p)	Westfield/Moorfield rd resurfacing	3,152	-	-	-	-	-	-	-	3,152	-	-	-	-	-	3,152	3,152	-	3,152
ED53(p)	Tyng Farm Land-removal of barns and concrete hardstanding	50	-	50	-	-	-	50	-	50	-	-	-	-	-	50	50	-	50
ED56(p)	Land to the rear of 39-42 Castle Street	10	-	10	-	-	-	10	-	10	-	-	-	-	-	10	10	-	10
PL54(p)	Shawfield DC - fire alarm system and LED lighting upgrade(NO	83	-	83	-	-	-	83	-	83	-	-	-	-	-	-	-	-	-
<b>Office Services</b>																			
CD3(P)	Renewables	65	-	65	-	-	-	65	-	65	-	-	-	-	-	65	65	-	65
BS3(p)	Millmead House - M&E plant renewal	33	-	33	-	-	-	33	-	33	-	33	-	-	-	33	33	-	33
BS4(p)	Hydro private wire - Tollhouse to Millmead	82	-	82	-	-	-	82	-	82	-	-	-	-	-	82	82	-	82
<b>COMMUNITY DIRECTORATE TOTAL</b>		<b>5,308</b>	<b>-</b>	<b>1,026</b>	<b>180</b>	<b>-</b>	<b>-</b>	<b>1,206</b>	<b>-</b>	<b>207</b>	<b>4,985</b>	<b>33</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,018</b>	<b>5,225</b>	<b>-</b>	<b>5,225</b>
<b>ENVIRONMENT DIRECTORATE</b>																			
<b>Operational Services</b>																			
OP5(P)	Mill Lane (Pitbright) Flood Protection Scheme	200	-	200	-	-	-	200	-	200	-	-	-	-	-	200	200	(20)	180
OP6(P)	Vehicles, Plant & Equipment Replacement Programme	1,600	-	-	-	-	-	-	-	780	-	-	-	-	-	780	780	-	780
OP21(P)	Surface water management plan	200	-	200	-	-	-	200	-	200	-	-	-	-	-	200	200	-	200
OP22(P)	Town Centre CCTV upgrade	250	-	250	-	-	-	250	-	250	-	-	-	-	-	250	250	-	250
<b>Parks and Leisure</b>																			
PL16(P)	New burial grounds - acquisition & development	7,834	38	100	-	-	-	100	-	50	-	-	-	-	-	88	88	-	88
PL18(P)	Refurbishment / rebuild Sutherland Memorial Park Pavilion	150	-	-	-	-	-	-	-	-	-	-	150	-	-	150	150	-	150
PL39(P)	Aldershot rd allotment expansion & improvement	180	-	-	-	-	-	-	20	160	-	-	-	-	-	160	180	-	180
PL41(P)	Stoke pk office accommodation & storage buildings	665	-	-	-	-	-	-	-	665	-	-	-	-	-	665	665	-	665
PL44(p)	Sutherland memorial park all weather courts new posts and	25	-	-	25	-	-	25	-	-	-	-	-	-	-	-	-	-	-
PL45(p)	Stoke Pk gardens water feature refurb	81	-	-	-	-	-	-	-	81	-	-	-	-	-	81	81	(59)	22
PL55(p)	Sutherland Memorial Park - electrical works	39	-	-	39	-	-	39	-	39	-	-	-	-	-	39	39	-	39
PL56(p)	Stoke Park Masterplan enabling costs	500	-	100	-	-	-	100	-	-	100	150	100	150	-	500	500	-	500
PL57(p)	Parks and Countryside - repairs and renewal of paths,roads and	1,645	-	400	135	-	(90)	445	-	445	400	400	400	-	-	1,200	1,645	-	1,645
PL58(p)	Sports pavilions - replace water heaters	154	-	-	154	-	-	154	-	28	42	42	42	-	-	154	154	-	154
PL59(p)	Millmead fish pass	60	-	60	-	-	-	60	-	60	-	-	-	-	-	60	60	-	60
PL60(p)	Traveller encampments	130	-	60	-	-	-	60	-	-	130	-	-	-	-	130	130	-	130
<b>ENVIRONMENT DIRECTORATE TOTAL</b>		<b>13,713</b>	<b>38</b>	<b>1,370</b>	<b>353</b>	<b>-</b>	<b>(90)</b>	<b>1,633</b>	<b>-</b>	<b>1,345</b>	<b>2,263</b>	<b>592</b>	<b>542</b>	<b>342</b>	<b>-</b>	<b>3,739</b>	<b>5,122</b>	<b>(79)</b>	<b>5,043</b>
<b>DEVELOPMENT/INCOME GENERATING/COST REDUCTION PROJECTS</b>																			
<b>Development / Infrastructure</b>																			
ED18(P)	Guildford Museum	16,810	-	-	-	11,800	-	-	-	-	16,810	-	-	-	-	16,810	16,810	(11,800)	5,010
	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
P10(p)	Sustainable Movement Corridor	6,045	-	-	-	-	-	-	-	-	-	-	6,045	-	-	6,045	6,045	-	6,045
P11(p)	Guildford West (PB) station	4,700	-	650	-	-	-	650	-	1,700	3,000	-	-	-	-	4,700	4,700	(3,750)	950
P14(p)	Guildford Gytratory & 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	-	500	-	-	-	-	-	500	500	-	500
P19(p)	Access for all Ash Station funding	250	-	250	-	-	-	250	-	250	-	-	-	-	-	250	250	-	250
P20(p)	Bedford Wharf Landscaping	350	-	350	-	-	-	350	-	350	-	-	-	-	-	350	350	-	350
P21(p)	Ash Road Bridge	18,440	-	8,440	10,000	-	-	18,440	-	18,440	-	-	-	-	-	18,440	18,440	(18,440)	-
P21(p)	Ash Road Footbridge	4,800	-	-	-	4,800	-	-	-	4,800	-	-	-	-	-	4,800	4,800	(4,800)	-
<b>Development Financial</b>																			
ED25(P)	Guildford Park new MSCP and infrastructure works	23,125	-	4,380	-	-	-	4,380	-	-	4,380	11,625	7,120	-	-	23,125	23,125	-	23,125
ED49(p)	Redevelop Middleton industrial estate	5,557	-	-	-	-	-	-	-	5,557	-	-	-	-	-	5,557	5,557	-	5,557
PL51(p)	Stoke Park - Home Farm Redevelopment	4,000	-	-	-	-	-	-	-	-	-	-	-	4,000	-	4,000	4,000	-	4,000
ED16(P)	Slyfield Area Regeneration Project (SARP) (GBC share)	59,083	-	-	-	-	-	-	-	-	17,321	41,762	-	-	-	59,083	59,083	(7,500)	51,583
ED38(P)	North Street development	29,590	-	-	-	-	-	-	-	29,590	-	-	-	-	-	29,590	29,590	-	29,590
HC4(p)	Bright Hill Development	13,500	-	180	-	-	-	180	-	180	500	5,000	7,000	820	-	13,320	13,500	-	13,500
P12(p)	Strategic property acquisitions	23,292	-	-	-	-	-	-	-	9,492	13,800	-	-	-	-	23,292	23,292	-	23,292
<b>DEVELOPMENT/INCOME GENERATING/COST REDUCTION PROJECTS TOTAL</b>		<b>251,639</b>	<b>-</b>	<b>15,080</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>25,080</b>	<b>-</b>	<b>710</b>	<b>95,619</b>	<b>63,447</b>	<b>86,793</b>	<b>4,820</b>	<b>-</b>	<b>250,679</b>	<b>251,389</b>	<b>(61,290)</b>	<b>200,099</b>
<b>PROVISIONAL SCHEMES - GRAND TOTALS</b>		<b>270,659</b>	<b>38</b>	<b>17,476</b>	<b>533</b>	<b>-</b>	<b>(90)</b>	<b>27,919</b>	<b>-</b>	<b>2,262</b>	<b>102,867</b>	<b>64,072</b>	<b>87,335</b>	<b>5,162</b>	<b>0</b>	<b>259,436</b>	<b>261,736</b>	<b>(61,369)</b>	<b>210,367</b>
non development projects		19,021	38	2,396	533	-	(90)	2,839	-	1,552	7,248	625	542	342	-	8,757	10,347	(79)	10,268
development/infrastructure - non-financial benefit		93,492	0	10,520	0	26,600	0	20,520	0	530	46,100	15,701	30,911	0	0	92,712	93,242	(43,790)	49,452
development- financial benefit		158,147	0	4,560	0	0	0	4,560	0	180	49,619	47,746	55,882	4,820	0	157,967	158,147	(7,500)	150,647
<b>TOTAL</b>		<b>270,659</b>	<b>38</b>	<b>17,476</b>	<b>533</b>	<b>26,600</b>	<b>(90)</b>	<b>27,919</b>	<b>0</b>	<b>2,262</b>	<b>102,867</b>	<b>64,072</b>	<b>87,335</b>	<b>5,162</b>	<b>0</b>	<b>259,436</b>	<b>261,736</b>	<b>(61,369)</b>	<b>210,367</b>

GENERAL FUND CAPITAL PROGRAMME - ESTIMATED EXPENDITURE 2019-20 to 2024-25

Ref	Directorate / Service Units Capital Schemes	Gross estimate approved by Executive (a) £000	Cumulative spend at 31-03-19 (b) £000	2019-20			Revised estimate (e) £000	Expenditure at 02.12.2019 (f) £000	Projected exp est by project officer (g) £000	2020-21 Est for year (i) £000	2021-22 Est for year (ii) £000	2022-23 Est for year (iii) £000	2023-24 Est for year (iv) £000	2024-25 Est for year (v) £000	Future years estimated expenditure (h) £000	Projected expenditure total (b) to (g)=(f) £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	Rolled over (d) £000	Supp Ests												

GENERAL FUND CAPITAL SCHEMES - PROJECTS FUNDED VIA RESERVES: ESTIMATED EXPENDITURE 2019-20 to 2024-25

Item No.	Projects & Sources of Funding	Approved gross estimate	Cumulative spend at 31-03-19	2019-20		Revised estimate	Expenditure at 02.12.2019	Projected exp est by project officer	2020-21 Est for year	2021-22 Est for year	2022-23 Est for year	2023-24 Est for year	2024-25 Est for year	Future years est exp	Projected expenditure total
				Estimate approved by Council in February	Rolled over										
		(a) £000	(b) £000	(c) £000	(d) (i) £000	£000	(e) £000	(f) £000	(i) £000	(ii) £000	(iii) £000	(iv) £000	(v) £000	(g) £000	(b)+(g) = (h) £000
	<b>COMMUNITY DIRECTORATE</b>														
	<u>ENERGY PROJECTS per SALIX RESERVE:(PR220)</u>			-			-	-	-					-	-
R-EN10	LED Lighting replacement	80	49	193	-		193	-	193	-	-	-	-	-	242
R-EN11	WRD energy reduction	70	-	70	-		70	-	70	-	-	-	-	-	70
	<u>ENERGY PROJECTS per GBC INVEST TO SAVE RESERVE:</u>														
	<u>GBC 'Invest to Save' energy projects (to be repaid in line with savings)</u>			-	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 COMPLETE	143	100	-	-		-	10	10	-	-	-	-	-	110
R-EN14	SMP - air source heat pump	28	-	-	28		28	1	-	28	-	-	-	28	28
	<b>ENERGY RESERVES TOTAL</b>	<b>421</b>	<b>151</b>	<b>263</b>	<b>290</b>		<b>553</b>	<b>11</b>	<b>535</b>	<b>28</b>				<b>28</b>	<b>714</b>
Page 81	<b>BUDGET PRESSURES RESERVE</b>														
	Future Guildford implementation team	2,600		1,000			1,000	-	1,000	1,600	-	-	-	1,600	2,600
	<b>BUDGET PRESSURES RESERVE TOTAL</b>	<b>2,600</b>	<b>-</b>	<b>1,000</b>	<b>-</b>	<b>-</b>	<b>1,000</b>	<b>-</b>	<b>1,000</b>	<b>1,600</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,600</b>	<b>2,600</b>
	<b>FINANCE DIRECTORATE</b>														
	<u>INFORMATION TECHNOLOGY - IT Renewals Reserve (PR265) : approved annually</u>														
	Hardware / software budget		-	527	-		527	-	527	500	500	500	-	-	1,500
R-IT1	Hardware	annual	annual	-	-		-	231	-	-	-	-	-	-	-
R-IT2	Software	annual	annual	-	-		-	-	-	-	-	-	-	-	-
	PAD						40								
	ICT infrastructure improvements	1,250	1,345	-	-		-	236	-	-	-	-	-	-	1,345
R-IT3	IDOX Acolaid to Uniform	275		275			275		275		-	-	-	-	275
R-IT4	LCTS alternative	56		6			6		6	50		-	-	50	56
R-IT5	Future Guildford ICT	1,200		1,200			1,200		1,200		-	-	-	-	1,200
	<b>IT RENEWALS RESERVE TOTAL</b>	<b>2,781</b>	<b>1,345</b>	<b>2,008</b>	<b>-</b>	<b>-</b>	<b>2,008</b>	<b>507</b>	<b>2,008</b>	<b>550</b>	<b>500</b>	<b>500</b>	<b>-</b>	<b>-</b>	<b>4,963</b>
	<b>ENVIRONMENT DIRECTORATE</b>														
	<b>SPECTRUM RESERVE</b>														
R-S14	Spectrum schemes (to be agreed with Freedom Leisure)	700	168	450	82		532	-	532	-	-	-	-	-	700
	<b>SPECTRUM RESERVE TOTAL</b>	<b>700</b>	<b>168</b>	<b>450</b>	<b>82</b>	<b>-</b>	<b>532</b>	<b>-</b>	<b>532</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>700</b>
	<b>CAR PARKS RESERVE</b>														
R-CP1	Car parks - install/replace pay-on-foot equipment	1,170	240	860	70		930	-	930	-	-	-	-	-	1,170
	<u>Car Parks - Lighting &amp; Electrical improvements:</u>														
R-CP13	- Castle, Farnham & York Rd Lighting	300	-	-	300		300	-	-	-	-	-	-	-	-
R-CP8	- Castle car park (PR000299) deck surfacing	325	144	175	6		181	107	113	-	-	-	-	-	257
R-CP18	- Deck Millbrook car park	2,000	-	1,000	-		1,000	-	-	1,000	1,000	-	-	2,000	2,000

Agenda item number: 6  
Appendix 5

GENERAL FUND CAPITAL SCHEMES - PROJECTS FUNDED VIA RESERVES: ESTIMATED EXPENDITURE 2019-20 to 2024-25

Item No.	Projects & Sources of Funding	Approved gross estimate	Cumulative spend at 31-03-19	2019-20	Rolled over	Virements	Revised estimate	Expenditure at 02.12.2019	Projected exp est by project officer	2020-21 Est for year	2021-22 Est for year	2022-23 Est for year	2023-24 Est for year	2024-25 Est for year	Future years est exp	Projected expenditure total
				Estimate approved by Council in February												
		(a) £000	(b) £000	(c) £000	(d) (i) £000	£000	£000	(e) £000	(f) £000	(i) £000	(ii) £000	(iii) £000	(iv) £000	(v) £000	(g) £000	(b)+(c)-(d) £000
R-CP14	Lift replacement (PR000293)	841	209	187	258		445	42	445	187	-	-	-	-	187	841
R-CP16	Bright Hill Barrier essential works (PR000425)	80	2	-	78		78	-	(0)	-	-	-	-	-	-	80
R-CP17	Leapale rd MSCP drainage (PR000433)	90	26	-	64		64	-	64	-	-	-	-	-	-	90
R-CP19	Structural works to MSCP	300	-	233	67		300	-	300	-	-	-	-	-	-	300
R-CP20	MSCP- Deck surface replacement & barriers	652		593	59		652	343	652	-	-	-	-	-	-	652
	<b>CAR PARKS RESERVE TOTAL</b>	<b>5,758</b>	<b>622</b>	<b>3,048</b>	<b>902</b>	<b>-</b>	<b>3,950</b>	<b>492</b>	<b>2,504</b>	<b>1,187</b>	<b>1,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,187</b>	<b>5,312</b>
	<b>SPA RESERVE :</b>															
	SPA schemes (various)	100	annual	-	151		151	-	151	-	-	-	-	-	-	151
R-SPA1	Chantry Woods							-	-						-	
R-SPA2	Effingham							-	-						-	
R-SPA3	Lakeside							-	-						-	
R-SPA4	Riverside							-	-						-	
R-SPA5	Parsonage							-	-						-	
	<b>SPA RESERVE TOTAL</b>	<b>100</b>	<b>-</b>	<b>-</b>	<b>151</b>	<b>-</b>	<b>151</b>	<b>-</b>	<b>151</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>151</b>
	<b>GRAND TOTALS</b>	<b>12,360</b>	<b>2,286</b>	<b>6,769</b>	<b>1,425</b>	<b>-</b>	<b>8,194</b>	<b>1,010</b>	<b>6,730</b>	<b>3,365</b>	<b>1,500</b>	<b>500</b>	<b>-</b>	<b>-</b>	<b>5,365</b>	<b>14,381</b>

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GENERAL FUND CAPITAL PROGRAMME - S106 ESTIMATED EXPENDITURE 2019-20 to 2024-25																				
Ref	Service Units / Capital Schemes	Approved gross estimate	Cumulative spend at 31-03-19	2019-20					Expenditure at 02.12.2019	Projected exp est by project officer	2020-21 Est for year	2021-22 Est for year	2022-23 Est for year	2023-24 Est for year	2024-25 Est for year	Future years est exp	Projected expenditure total	Grants / Contributions towards cost of scheme	Net cost of scheme	Total net cost approved by Executive
				Estimate approved by Council in February	Rolled over	Virements	Revised estimate													
		(a)	(b)	(c)	(d) (i)	(d) (ii)	(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	£000	£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	-	23							35	(35)			
<b>Parks and Leisure</b>																				
S-PL8	Baird Drive/Briars Playground Refurb	10	8	-	2	-	2	0	2	-	-	-	-	-	-	10	(10)	-	-	
S-PL36	Gunpowder mills - signage, access and woodland imps	36	17	-	19	-	19	-	19	-	-	-	-	-	-	36	(36)	-	-	
S-PL38	Chantry Wood Campsite	36		36			36	-	36	-	-	-	-	-	-	36	(36)	-	-	
S-PL47	Fir Tree Garden	28	-	-	28	-	28	-	28	-	-	-	-	-	-	28	(28)	-	-	
S-PL54	Shalford Swift Tower (Art)	7			7	-	7	-	7							7	(7)	-	-	
S-PL55	Provision Play Area Tongham Recreation ground	36					36	36	36							36	(36)	-	-	
<b>ENVIRONMENT DIRECTORATE TOTAL</b>		<b>187</b>	<b>25</b>	<b>36</b>	<b>79</b>	<b>-</b>	<b>150</b>	<b>36</b>	<b>150</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>153</b>	<b>(153)</b>	<b>-</b>	<b>-</b>	
<b>APPROVED S106 SCHEMES TOTAL</b>		<b>187</b>	<b>25</b>	<b>36</b>	<b>79</b>	<b>-</b>	<b>150</b>	<b>36</b>	<b>150</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>887</b>	<b>(887)</b>	<b>-</b>	<b>-</b>	

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

### 1.0 AVAILABILITY OF RESOURCES - NOTES :

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

1.2 The actuals for 2018-19 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)

Balance as at 1 April

Add estimated usable receipts in year

Less applied re funding of capital schemes

**Balance after funding capital expenditure as at 31 March**

2018-19 Actuals £000	2019-20 Budget £000	2019-20 Est Outturn £000	2020-21 Estimate £000	2021-22 Estimate £000	2022-23 Estimate £000	2023-24 Estimate £000	2024-25 Estimate £000
0	0	40	0	0	0	0	44,080
3,039	0	1,991	0	4,000	11,200	55,067	57,093
(3,000)	0	(2,031)	0	(4,000)	(11,200)	(10,987)	(5,825)
<b>40</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>44,080</b>	<b>95,348</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

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

**Total funding required**

	2018-19 Actuals £000	2019-20 Budget £000	2019-20 Est Outturn £000	2020-21 Estimate £000	2021-22 Estimate £000	2022-23 Estimate £000	2023-24 Estimate £000	2024-25 Estimate £000
Main programme - approved	35,234	62,504	62,243	43,745	9,737	5,825	5,825	5,825
Main programme - provisional s106	15	17,476	2,262	102,867	64,072	87,335	5,162	0
Reserves	51	36	150	0	0	0	0	0
GF Housing	2,371	6,769	6,730	3,365	1,500	500	0	0
	0	0	0	0	0	0	0	0
<b>Total estimated capital expenditure</b>	<b>37,671</b>	<b>86,785</b>	<b>71,385</b>	<b>149,977</b>	<b>75,309</b>	<b>93,660</b>	<b>10,987</b>	<b>5,825</b>
<b>To be funded by:</b>								
Capital receipts (per 2.above)	(6,176)	0	(2,031)	0	(4,000)	(11,200)	(10,987)	(5,825)
Contributions	(1,673)	(19,681)	(11,654)	(41,368)	(7,550)	(5,500)	0	0
R.C.C.O.:								
Other reserves	(2,558)	(13,749)	(15,593)	(3,585)	(1,720)	(720)	0	0
	0	0	0	0	0	0	0	0
	(10,406)	(33,430)	(29,278)	(44,953)	(13,270)	(17,420)	(10,987)	(5,825)
Balance of funding to be met from (i) the Capital Reserve, and (ii) borrowing	(27,265)	(53,355)	(42,107)	(105,024)	(62,039)	(76,240)	0	0
<b>Total funding required</b>	<b>(37,671)</b>	<b>(86,785)</b>	<b>(71,385)</b>	<b>(149,977)</b>	<b>(75,309)</b>	<b>(93,660)</b>	<b>(10,987)</b>	<b>(5,825)</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**

	2018-19 Actuals £000	2019-20 Budget £000	2019-20 Est Outturn £000	2020-21 Estimate £000	2021-22 Estimate £000	2022-23 Estimate £000	2023-24 Estimate £000	2024-25 Estimate £000
Balance as at 1 April	1,641	0	894	0	0	0	0	0
Add: General Fund Revenue Budget variations	0	0	0	0	0	0	0	0
Contribution from revenue	894	0	0	0	0	0	0	0
	2,535	0	894	0	0	0	0	0
Less: Applied re funding of capital programme	(1,641)	0	(894)	0	0	0	0	0
<b>Balance after funding capital expenditure etc.as at 31 March</b>	<b>894</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>25,624</b>	<b>53,355</b>	<b>41,214</b>	<b>105,024</b>	<b>62,039</b>	<b>76,240</b>	<b>0</b>	<b>0</b>
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## 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	2018-19 Actuals £000	2019-20 Budget £000	2019-20 Est Outturn £000	2020-21 Estimate £000	2021-22 Estimate £000	2022-23 Estimate £000	2023-24 Estimate £000	2024-25 Estimate £000
Balance as at 1 April (T01008)	12,760	6,760	9,559	0	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	(3,201)	(6,760)	(7,299)	0	0	0	0	0
	9,559	0	2,260	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>9,559</b>	<b>0</b>	<b>2,260</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))	2018-19 Actuals £000	2019-20 Budget £000	2019-20 Est Outturn £000	2020-21 Estimate £000	2021-22 Estimate £000	2022-23 Estimate £000	2023-24 Estimate £000	2024-25 Estimate £000
Balance as at 1 April (T01012)	422	0	0	0	0	0	0	0
Add: Estimated receipts in year	898	289	286	289	292	295	298	301
Less: Applied re Housing (General Fund) capital programme	(14)	(220)	(100)	(220)	(220)	(220)	(220)	(220)
Less: Applied re Housing Improvement programme	(1,306)	(69)	(186)	(69)	(72)	(75)	(78)	(81)
	0	0	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>0</b>	<b>0</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	25,624	53,355	41,214	105,024	62,039	76,240	0	0	284,516
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>53,355</b>	<b>41,214</b>	<b>105,024</b>	<b>62,039</b>	<b>76,240</b>	<b>0</b>	<b>0</b>	<b>284,516</b>

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**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
CV2	Stoke Park drainage and water features						77,000				77,000	
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>												
	Styfield area regeneration project (GF element)					2023-24 thru 2034-35	65,606,000					moved from provisional 22.11.17 as per CW
	Styfield area regeneration project (GF element)					2023-24 thru 2034-35	72,535,800					additional costs identified as per reprofile 22.11.17
	Styfield 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	Styfield area regeneration project					2024-25	(20,545,000)				(20,545,000)	
CVi1	Styfield area regeneration project					2025-26	(20,545,000)				(20,545,000)	
CVi1	Styfield 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 earlies)	(24,832,000)				(24,832,000)	

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## 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

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Appendix 9

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

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## **Arlingclose Economic & Interest Rate Forecast November 2019**

### **Underlying assumptions:**

- The global economy is entering a period of slower growth in response to political issues, primarily the trade policy stance of the US. The UK economy has displayed a marked slowdown in growth due to both Brexit uncertainty and the downturn in global activity. In response, global and UK interest rate expectations have eased.
- Some positivity on the trade negotiations between China and the US has prompted worst case economic scenarios to be pared back. However, information is limited, and upbeat expectations have been wrong before.
- Brexit has been delayed until 31 January 2020. While the General Election has maintained economic and political uncertainty, the opinion polls suggest the Conservative position in parliament may be strengthened, which reduces the chance of Brexit being further frustrated. A key concern is the limited transitional period following a January 2020 exit date, which will maintain and create additional uncertainty over the next few years.
- UK economic growth has stalled despite Q3 2019 GDP of 0.3%. Monthly figures indicate growth waned as the quarter progressed and survey data suggest falling household and business confidence. Both main political parties have promised substantial fiscal easing, which should help support growth.
- While the potential for divergent paths for UK monetary policy remain in the event of the General Election result, the weaker external environment severely limits potential upside movement in Bank Rate, while the slowing UK economy will place pressure on the MPC to loosen monetary policy. Indeed, two MPC members voted for an immediate cut in November 2019.
- Inflation is running below target at 1.7%. While the tight labour market risks medium-term domestically-driven inflationary pressure, slower global growth should reduce the prospect of externally driven pressure, although political turmoil could push up oil prices.
- Central bank actions and geopolitical risks will continue to produce significant volatility in financial markets, including bond markets.

### **Forecast:**

- Although we have maintained our Bank Rate forecast at 0.75% for the foreseeable future, there are substantial risks to this forecast, dependant on General Election outcomes and the evolution of the global economy.
- Arlingclose judges that the risks are weighted to the downside.
- Gilt yields have risen but remain low due to the soft UK and global economic outlooks. US monetary policy and UK government spending will be key influences alongside UK monetary policy.
- We expect gilt yields to remain at relatively low levels for the foreseeable future and judge the risks to be broadly balanced.

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Appendix 11

	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Average
<b>Official Bank Rate</b>														
Upside risk	0.00	0.00	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.21
Arlingclose Central Case	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75
Downside risk	-0.50	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.73
<b>3-month money market rate</b>														
Upside risk	0.10	0.10	0.25	0.25	0.25	0.25	0.25	0.25	0.30	0.30	0.30	0.30	0.30	0.25
Arlingclose Central Case	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75
Downside risk	-0.50	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.73
<b>1yr money market rate</b>														
Upside risk	0.10	0.20	0.20	0.20	0.20	0.20	0.20	0.25	0.30	0.30	0.30	0.30	0.30	0.23
Arlingclose Central Case	0.85	0.85	0.85	0.85	0.85	0.85	0.85	0.85	0.85	0.85	0.85	0.85	0.85	0.85
Downside risk	-0.30	-0.50	-0.55	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65	-0.60
<b>5yr gilt yield</b>														
Upside risk	0.30	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.40	0.45	0.45	0.45	0.37
Arlingclose Central Case	0.50	0.50	0.50	0.55	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.57
Downside risk	-0.35	-0.50	-0.50	-0.55	-0.60	-0.60	-0.60	-0.60	-0.60	-0.60	-0.60	-0.60	-0.60	-0.56
<b>10yr gilt yield</b>														
Upside risk	0.30	0.30	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.40	0.40	0.45	0.45	0.37
Arlingclose Central Case	0.75	0.75	0.80	0.80	0.85	0.85	0.90	0.90	0.95	0.95	1.00	1.00	1.00	0.88
Downside risk	-0.40	-0.40	-0.40	-0.40	-0.45	-0.45	-0.45	-0.45	-0.50	-0.50	-0.50	-0.50	-0.50	-0.45
<b>20yr gilt yield</b>														
Upside risk	0.30	0.30	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.40	0.40	0.45	0.45	0.37
Arlingclose Central Case	1.20	1.20	1.25	1.25	1.25	1.30	1.30	1.30	1.35	1.35	1.35	1.40	1.40	1.30
Downside risk	-0.40	-0.40	-0.45	-0.45	-0.45	-0.45	-0.45	-0.45	-0.45	-0.45	-0.45	-0.50	-0.50	-0.45
<b>50yr gilt yield</b>														
Upside risk	0.30	0.30	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.40	0.40	0.45	0.45	0.37
Arlingclose Central Case	1.20	1.20	1.25	1.25	1.25	1.30	1.30	1.30	1.35	1.35	1.35	1.40	1.40	1.30
Downside risk	-0.40	-0.40	-0.45	-0.45	-0.45	-0.45	-0.45	-0.45	-0.45	-0.45	-0.45	-0.50	-0.50	-0.45

PWLB Certainty Rate (Maturity Loans) = Gilt yield + 1.80%

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

### 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-				
<b>Sub Investment Grade</b>	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-			
<b>Sub Investment Grade</b>	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+	<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.
	BB	Ba2	BB			
	BB-	Ba3	BB-			
<b>Sub Investment Grade</b>	B+	B1	B+	<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.
	B	B2	B			
	B-	B3	B-			
<b>Sub Investment Grade</b>	CCC+	Caa1	CCC+	<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.
	CCC	Caa2	CCC			
	CCC-	Caa3	CCC-			
<b>Sub Investment Grade</b>	CC+	Ca1	CC+	<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.
	CC	Ca2	CC			
	CC-	Ca3	CC-			
<b>Sub Investment Grade</b>	C+	C1	C+	<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.
	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 Resources

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Date: 15 January 2020

## **Financial Monitoring 2019-20 (April to November 2019)**

### **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 2019.

Officers are projecting a decrease in net expenditure on the general fund revenue account of £96,766, which includes a £39,640 reduction in the statutory Minimum Revenue Provision (MRP) charge to the general fund to make provision for the repayment of past capital debt reflecting a re-profiling of capital schemes and a reduction in the anticipated income received from investments of £136,865. At service level, the projected outturn is £193,991 lower 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 £10.721 million to the new build reserve and the reserve for future capital at year-end. The transfer is projected to be £212,000 lower than budgeted assumption and reflects modest variations in rental income and additional repair and maintenance expenditure.

Officers are making progress against significant capital projects on the approved programme as outlined in section 7. The Council expects to spend £71.38 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 £41.21 million by 31 March 2020, against an estimated position of £53.35 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 £107 million of investments and £206 million of external borrowing at 30 November 2019, which includes £192.9 million of HRA loans. Officers confirm that the Council has complied with its Prudential indicators in the period, which were set in February 2019 as part of the Council's Capital Strategy.

**Recommendation to Committee**

That the Committee notes the results of the Council's financial monitoring for the period April to November 2019 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.

**Is the report (or part of it) exempt from publication? No**

**1. Purpose of Report**

1.1 The terms of reference of the Corporate Governance and Standards Committee include supporting the overview and scrutiny function through ongoing scrutiny of financial matters, including the treasury management function and budget monitoring.

1.2 This financial monitoring report covers the period April to November 2019.

**2. Strategic Priorities**

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

**3 Background**

3.1 The Council undertakes regular financial monitoring in the following ways:

(a) reporting the General Fund and Housing Revenue Account position on a bimonthly basis [periods 2, 4, 6, 8 and 10] This report covers the period to November 2019 [period 8] and covers all Council services,

(b) quarterly monitoring of the capital programme, and

(c) monthly and quarterly monitoring of its treasury management activity

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

- 3.3 We have amended the monitoring periods for 2019-20 to better align with scheduled dates for this Committee. This change enables the Committee to scrutinise the financial monitoring on five occasions rather than the previous four occasions.
- 3.4 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 account. 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 virement or supplementary estimates approved since the original budget was set in February 2019. The Appendix also shows where transfers to and from reserves are impacting on the forecasted outturn position.
- 4.3 At total service level after adjustment for movements to and from reserve, the projected outturn is £193,991 lower than the latest estimate.
- 4.4 The reported position at month 6 forecasted an overspend at total service level of £403,502. The reduction in the forecasted position is due to the implementation of an action plan drawn up by Officers to identify in-year savings, this included;
- Removing the apprentice training budget as it was not being used
  - Reduction in the repairs and maintenance budget. Some planned works will not go ahead, others will be deferred until next year.
  - Additional income opportunities on the Industrial Estates
  - Underspend on Development Control document scanning project budget
  - External Decoration costs for Rodboro buildings funded by the sinking fund rather than revenue budgets
  - Additional posts being held vacant for the time being
  - Underspend against Land drainage budget
  - Supplementary estimate approved for planning appeal expenses
- 4.5 Net external interest receivable is currently projected to be £136,865 lower than our original estimate. This is due to an assumed increase in borrowing costs because of the increase in the Public Works Loan Board (PWLB) margin on loans, and a lower than estimated projection of interest income.
- 4.6 The Minimum Revenue Provision (MRP), based on the Capital Financing Requirement (CFR) at 31 March 2019 for the purposes of this report is shown

as £926,640. This is £39,640 lower than originally estimated. The reduction is due to slippage in the capital programme experienced during 2018-19.

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

**Supplementary Estimates 2019-20**

Service/Description	Approval Date	Committee	Value
Watts Gallery Grant	27 August 2019	Executive	40,000
Stoke Masterplan	24 September 2019	Executive	380,000
Climate change funding	26 November 2019	Executive	25,000
Salix Funding	26 November 2019	Executive	217,000
Stoney Castle enforcement action	26 November 2019	Executive	120,000
Planning appeals	26 November 2019	Executive	125,000
<b>TOTAL</b>			<b>£907,000</b>

**Virement Record 2019-20**

Service/Description	Nature of Virement	Approved by	Date of Approval	Value £
Constant Power – Business Continuity [budget responsibility change]	Recurrent	V Worsfold	14 May	4,250
Web Team Salary Account [alignment of general ledger coding]	Recurrent	V Worsfold	29 May	33,680
Repairs and maintenance Holding Account [alignment of general ledger coding]	Recurrent	V Worsfold	7 June	1,400,000
Electric Theatre [budget responsibility change]	Non-Recurrent	V Worsfold	19 June	5,730
Surrey Police Domestic Abuse Grant [transfer of funding]	Non-Recurrent	J Whiteman	11 July	6,000
Transfer of training budgets [allocation of budgets across services from holding account]	Non-Recurrent	V Worsfold	12 July	209,860
CIL consultancy spend [alignment of general ledger coding]	Non-Recurrent	V Worsfold	1 August	53,969
Water Fountains - bottle refill points – at Tunsgate and North Street WC sites	Non-Recurrent	CMT	13 August	3,000
Training budgets [alignment of general ledger coding]	Non-Recurrent	V Worsfold	13 Sept	1,550
Contribution to Surrey wide Traveller Site study	Non-Recurrent	V Worsfold	31 Oct	25,000
Woodbridge Road Sports Ground investment in fixtures and fittings	Non-Recurrent	C Morris	31 Oct	46,000
<b>TOTAL</b>				<b>1,789,039</b>

4.8 **Appendix 2** provides detailed information on variances at service level. The table below summarises the main components of the lower than budgeted service level expenditure referred to in paragraph 4.3.



<b>Service/Budget heading</b>	<b>Variance to revised estimate £000</b>	<b>Explanation</b>
Industrial Estates	140	Business rates for void units in Midleton Industrial Estate and Thornberry Way amount to £124,000 and £90,000 respectively. This is partially offset by higher than budgeted income.  Officers are investigating if these costs can be reduced following the demolition of Midleton Industrial Estate.
Investment Properties	75	Rental income overall is down due to void properties. Increased indirect expenditure on consultants' fees for advice in relation to lease agreements.  Officers are seeking alternative tenants to try and mitigate this loss of income
Corporate Property Services	(108)	Projects amounting to £108,000 have been deferred until 2020-21, which may be subject to a carry forward request should the financial position allow.
Crematorium fees	(280)	Reduction in assumed level of disruption and no requirement to repay non recoverable VAT as originally anticipated
Town Centre Management	189	Income from Public Realm Enhancements has been delayed resulting in an adverse variance of £51,000. The decision has been made to move away from a WIFI concession and in its place to run a mini competition for a larger scale WIFI joint venture. Planned sponsorship income has taken longer to establish than initially anticipated and as a result will achieve £50,000 this financial year, £138,000 lower than the budgeted level.  Every effort is being made to increase income from sponsorship. Meetings are being arranged with all departments to look at how we can use the assets we own to generate more sponsorship income.
Parking	429	Projection for income at Bedford Rd, Castle and York Rd MSCP less than budgeted.  The reduction in use (possibly due to the rise in internet shopping) has meant that it is unlikely that the income targets will be achieved.
Salary Costs	(798)	Salary savings net of assumed vacancy level across the organisation.
Building Control	185	Vacant post savings are being used to part-fund three agency surveyors although there is an overall shortfall in funding from this arrangement of £50,700. Building control fees will not now achieve budget; approved inspectors have now been able to obtain insurance and the additional work anticipated will not materialise  Posts have been held vacant ahead of the FG programme and potential shared service with Woking and it has therefore been necessary to cover these posts with agency staff. Permanent staff will be recruited once the outcome of these projects are known. Officers are looking at increasing fees and charges in January 2020 to try and mitigate the income shortfall.
Procurement Staffing costs	105	The additional costs relate to two temporary staff members. One is covering a vacant post and the second has been agreed to undertake a number of short-term procurement

Service/Budget heading	Variance to revised estimate £000	Explanation
		projects. Officers looking at the possibility of some funding coming from reserves and options to convert to a fixed term post from January 2020.
Corporate Inflation Budget	(178)	Current working assumption on cost pressures will produce a saving.
Other minor variations	47	
<b>Total</b>	<b>(194)</b>	

*Use of Reserves*

- 4.9 As part of the budget setting process for 2019-20 we assumed that £2.6 million would be transferred from earmarked reserves during the year. It is currently assumed that the amount to be transferred from earmarked reserves will increase by £0.5 million to £3.1 million. The table below highlights the major movement along with supporting narrative

Reserve Transfer to (from)	Original Estimate £000	Projected Outturn £000	Variance £000	Explanation
Budget Pressures	(200)	0	200	In 2017-18 Council approved the use of this reserve to offset the potential loss of income during the crematorium rebuild project of £846,000 in 2018-19 and £200,000 in 2019-20. The disruption has been less than anticipated and consequently it is not currently proposed to use this reserve.  As this funding is not required to offset the revenue loss of income, a report to Council is currently being prepared to seek approval to use the funding that was set aside in 18/19 and 19/20, to offset the overspend on the crematorium capital project.
Car Parks Maintenance Reserve	(1,004)	(1,235)	(231)	Profiling of repair and maintenance expenditure at our MSCP's.
Business Rates Equalisation reserve	(2,345)	(2,510)	(165)	Additional costs of feasibility studies for transport and infrastructure projects to be funded from this reserve.
Election costs Reserve	62	(124)	(186)	An annual contribution is budgeted as part of the budget process to equalise the cost of Borough Elections held on a four-year cycle. The expenditure shown relates to Borough elections held in May 2019.
Invest to Save	814	(273)	(1,087)	Funding to support the ICT and Future Guildford transformation programme and ICT cloud migration.

Reserve Transfer to (from)	Original Estimate £000	Projected Outturn £000	Variance £000	Explanation
Recycling Reserve	0	(150)	(150)	This reserve equalises the impact in the revenue account of adverse market movements in the income generated from recycle materials. It is proposed to use the reserve to support £150,000 of costs in 2019-20.
HRA Interest	598	540	(58)	Reduction in Investment income payable to the HRA
Carry Forward Items	0	(1,009)	(1,009)	Approved and budgeted projects that were ongoing at the end of the financial year. By allowing unspent project budgets to be carried forward to the next budget period, the pressure to use it or lose it is reduced. Budget managers are given more time to purchase goods or services that contribute to the achievement of objectives, which in turn promotes efficient use of resources.
Other Reserves	17	2,280	2,263	The large increase is due to Special Protection Area income received for the future development and maintenance of green spaces. This has been received following the approval of the Local plan.
<b>Other minor variations</b>	<b>(581)</b>	<b>(662)</b>	<b>(81)</b>	<b>Minor variations across several reserves</b>
<b>TOTAL</b>	<b>(2,638)</b>	<b>(3,143)</b>	<b>(0.5)</b>	

## 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 2019. The report shows that HRA gross service expenditure is projected to outturn at 100.36% of the budgeted level, whilst income is projected to be 99.79% of the budgeted level. The projected outturn would enable a transfer of around £10.721 million to the new build reserve and the reserve for future capital, compared to the budgeted transfer of £10.933 million.

- The rental income estimate for 2019-20 incorporated a prudent allowance for Right to Buy (RTB) sales and the re-commissioning of units, along with an estimate for the additional income from new units. Based on data from April to November, rental income is projected to be just shy of the annual estimate, being 0.62% below the budget of £29.736 million.
- Current projections indicate that salary related expenditure; net of temporary staffing and a vacancy allowance of £77,630, will be in line with the budget.
- Emphasis continues to be on planned rather than responsive maintenance, but as the budget provides for both planned and responsive repairs, an element of demand driven cost is inherent in the expenditure. The previous financial year saw an increase in void levels and the service continues to experience higher levels of repair costs in a large part due to voids. Whilst

the service returns a property to use as soon as possible, void units typically incur additional repair and improvement expenditure in order to prepare them for subsequent tenants.

- At this point of the year, expenditure on direct repairs and maintenance (R&M) is projected to be 4% (£182,580) above the equivalent outturn figure for 2018-19. R&M expenditure above the 2019-20 estimate can be accommodated within the overall budget primarily due to a reduction in the contribution to the bad debt provision (see paragraph 5.3 below).
- 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 presently remain stable. 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 Although rent arrears currently remain at consistent levels, this is in contrast to the overall housing sector, which has seen an increase in the level of arrears. A number of welfare reform changes have now taken effect, but the delay in the roll out of universal credit has so far deferred any potential impact on arrears levels locally. As a result, the budgeted contribution to the bad debt provision of £300,000 has been reduced by £250,000.

## **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 31 Mar 19 £000	New loans £000	Loans repaid £000	Balance 30 November 19 £000	Weighted average rate of interest
<b>PWLB</b>						3.20%
Variable		45,000	0	0	45,000	
Fixed	Maturity	147,435	0	0	147,435	
	EIP	575	0	(115)	460	
<b>Total long-term Loans</b>		<b>193,010</b>	<b>0</b>	<b>(115)</b>	<b>192,895</b>	
Temporary Loans		20,000	5,000	(12,000)	13,000	2.61%
<b>Total Loans</b>		<b>213,010</b>	<b>5,000</b>	<b>(12,115)</b>	<b>205,895</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 and projected investment income for 2019-20 is £1.17 million. The gross cash balances representing the Council's reserves and working balances at 30 November 2019 available for investment were £107 million and net of short-term borrowing £94.0 million.
- 6.6 The Council's budgeted, and projection of external interest cost, which relates to short and long-term borrowing, for the year is £0.6 million.
- 6.7 The original net interest receivable budget was £877,355. As at 30 November, we are projecting that the outturn will be lower than budget.
- 6.8 The Council's annualised weighted return on investments for the period to November 2019 was 1.33% against an estimate of 1.629%.
- 6.9 The table below summarises the Council's investment activity for April to November 2019.

Investment	Principal invested £000	Balance 31 Mar 19 £000	Movement in investment £000	Change in capital value £000	Balance 30 November 19 £000	Weighted average rate of interest
<u>Investment Funds</u>						
CCLA	5,000	6,756	0	(63)	6,693	9.86%
M&G	1,008	1,395	0	40	1,435	1.83%
Royal London	2,500	0	2,500	(32)	2,468	7.97%
Schroders	1,000	856	0	(67)	789	4.00%
Funding Circle	490	511	0	11	523	1.51%
UBS	2,500	2,312	0	32	2,344	2.31%
<u>In- House Investments:</u>						
Call Accounts		0	(0)		0	0.40%
Money Market Funds		13,229	1,712		14,941	0.74%
Notice Accounts		8,000	0		8,000	0.92%
Temporary Fixed Deposits		6,000	14,000		20,000	1.05%
Unsecured bonds		2,300	3,360		4,660	1.27%
Covered Bonds		18,850	(2,000)		17,850	1.30%
Long Term Fixed Deposits		27,500	0		27,500	0.55%
Revolving Credit Facility		7,500	(7,500)		0	1.31%
<b>Total Investments</b>		<b>95,209</b>	<b>12,072</b>	<b>(79)</b>	<b>107,202</b>	

6.10 Some of our externally managed funds have seen a fall in their capital values since inception but income returns across the portfolio have been good which has meant that over the period the total return is positive. 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. Appendix 11 details the performance of our strategic funds as at 30 November 2019.

### Prudential Indicators

6.11 Officers confirm that the Council has complied with its Prudential indicators in the period, which were set in February 2019 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 £464 million for 2019-20.

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 £404 million for 2019-20.

6.16 The CFO confirms that there have been no breaches to the authorised limit and operational boundary during the year. Borrowing, at its peak, was £213 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 2019 for each scheme
- the estimate for 2019-20 as approved by Council in February 2019
- the 2019-20 revised estimate which takes into account the approved estimate, any project under spends up to 31 March 2019, and any virement or supplementary estimates
- 2019-20 current expenditure
- 2019-20 projected expenditure estimated by the project officer

7.2 The table below summarises the current position on the various strands of the Council's capital programme. Detailed explanation is provided in paragraphs 7.3 to 7.11

<b>CAPITAL EXPENDITURE SUMMARY</b>	<b>2019-20 Approved £000</b>	<b>2019-20 Revised £000</b>	<b>2019-20 Outturn £000</b>	<b>2019-20 Variance £000</b>
<b>General Fund Capital Expenditure</b>				
- Main Programme	62,504	71,576	62,243	(9,333)
- Provisional schemes	17,476	27,919	2,262	(25,657)
- Schemes funded by reserves	6,769	8,194	6,730	(1,464)
- S106 Projects	36	150	150	0
- Affordable Housing (General Fund)	0	0	0	0
<b>Total Expenditure</b>	<b>86,785</b>	<b>107,839</b>	<b>71,385</b>	<b>(36,454)</b>
<b>Housing Revenue Account Capital Expenditure</b>				
Approved programme	8,567	13,267	11,739	(1,529)
Provisional programme	406	1,106	1,106	0
<b>Total Expenditure</b>	<b>8,973</b>	<b>14,373</b>	<b>12,845</b>	<b>(1,529)</b>

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

7.3 Expenditure is expected to be £62.243 million representing a £9.333 million variance to the revised estimate of £71.576 million. If a project is on the approved programme, it is an indicator that the project has started or is near to start following the approval of a final business case by the Executive. Whilst actual expenditure for the period of £34.120 million may seem low, a number of significant projects are in progress. These include:

- ED6 – Slyfield Area Regeneration Project (now known as the Weyside Urban Village project) (£10.21) - work is progressing on the detailed design, pre-planning and site investigation work for this scheme to inform

the final business case. Report is going to the extraordinary meeting of the Council on 16 January 2020. Pre-agreement invoices (Thames Water) have been signed off with post-agreement in pipeline.

- PL9 – Crematorium rebuild (£7.35million) – work is progressing on this scheme which is scheduled for completion in 2019-20
- ED32 – Internal Estate Road CLLR Phase 1 (£8.85 million) - a bid for LEP funding of £4.1m has now been agreed. Building work on this scheme has now started.
- ED49 – Midleton Industrial Estate redevelopment (£3.59 million) – work on design and planning is progressing.

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 2019-20 will now be carried forward into 2020-21:

- Town Centre Gateway Regeneration (£3.48 million) – spend now expected in 2020-21.
- ED25 – Guildford Park infrastructure works (£3.76 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
- SMC (west) – (£1.31 million) – spend of £0.625m is expected in 2019-20 with the majority of spend now expected in 2020-21.
- A331 hotspots (1.74 million) – spend now expected in 2020-21.

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

7.5 Expenditure on the provisional programme is expected to be £2.26 million, against the revised estimate of £27.919 million, representing a variance of £25.66 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 re-profiling of schemes has resulted in a significantly lower level of expenditure than planned in 2019-20.

7.6 A number of other projects, that were also anticipated to start in 2019-20 have been re-profiled into future years including:

- PL21(p) – Ash Road Bridge (£18.44 million)
- ED25(p) – Guildford Park new MSCP and infrastructure works (£4.38 million)
- P11(p) – Guildford West (PB) station (£0.65 million)

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

7.7 Capital schemes funded from s106 developer contributions are expected to total £150,000.



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

7.8 The outturn of capital schemes funded from the Council's specific reserves is anticipated to be £6.73 million. The main projects are:

- expenditure on car parks £2.5 million
- ICT renewals and infrastructure improvements £2 million

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

7.9 When the Council approved the budget, the estimated underlying need to borrow for 2019-20 was £53.35 million. The current estimated underlying need to borrow is £41.214 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 £11.739 million against a revised estimate of £13.26 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.
- Ladymead/Fire Station – works started on site in Autumn 2018.

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

7.11 The provisional programme revised estimate is £1.10 million with expenditure anticipated this financial year of £1.10 million. This programme includes provision for the opportunity purchase of land and housing for development, which is dependent on the availability of suitable sites.

## **8 Consultations**

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

## **9 Equality and Diversity Implications**

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

## **10 Financial Implications**

10.1 The financial implications are contained throughout the report.

## **11 Legal Implications**

- 11.1 The Local Government Act 1972, Section 151 states that each local authority has a statutory duty to make arrangements for the proper administration of their financial affairs. In addition, the Accounts and Audit Regulations 2015 impose an explicit duty on the Council to ensure that financial management is adequate and effective and that they have a sound system of internal control, including arrangements for the management of risk.
- 11.2 Proper administration is not statutorily defined; however, there is guidance, issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) on the responsibilities of the 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 2019-20 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 2019 for the 2019-20 financial year.
- 14.2 Officers are currently projecting a reduction in net income and expenditure of £96,225 on the general fund revenue account.
- 14.3 The CFO, in consultation with the Lead Councillor for Finance and Assets, Customer Service will determine the treatment of any balance as part of closing the 2019-20 accounts.
- 14.4 The surplus on the Housing Revenue Account will enable a transfer of £10.721 million to the new build reserve and 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 1 April 2019. Officers are making progress against significant capital projects on the approved programme as outlined in section 7. The Council expects to spend £71.385 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 £41.214 million by 31 March 2020. 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 2019, the Council had £107 million of investment balances, and £206 million of external borrowing.

**15 Background Papers**

None

**15 Appendices**

Appendix 1: General fund revenue account summary  
Appendix 2: General fund services - revenue detail  
Appendix 3: Housing Revenue Account Summary  
Appendix 4: Approved capital programme  
Appendix 5: Provisional capital programme  
Appendix 6: Schemes funded from S106  
Appendix 7: Capital reserves  
Appendix 8: Capital resources  
Appendix 9: Housing Revenue Account approved capital programme  
Appendix 10: Housing Revenue Account provisional capital programme  
Appendix 11: Strategic Funds at as 30-11-19

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Agenda item number: 7  
Appendix 1

Actual 2018-19 £	GENERAL FUND SUMMARY [APRIL 2019 - NOVEMBER 2019]	Original Estimate 2019-20 £	Latest Estimate 2019-20 £	Projected Outturn 2019-20 £
(13,789,834)	Community Services	(795,580)	(447,682)	(1,515,559)
10,426,129	Planning and Regeneration	3,247,260	4,841,660	4,335,402
13,240,650	Environment	11,125,160	11,589,069	9,796,904
891,014	Management Directorate	801,740	812,007	1,864,709
7,666,720	Finance	6,611,420	6,612,324	6,820,963
<b>18,434,679</b>	<b>Total Directorate Level</b>	<b>20,990,000</b>	<b>23,407,378</b>	<b>21,302,419</b>
(2,842,029)	Depreciation (contra to Service Unit Budgets)	(8,011,160)	(8,011,160)	(8,011,160)
<b>15,592,649</b>	<b>Directorate Level excluding depreciation</b>	<b>12,978,840</b>	<b>15,396,218</b>	<b>13,291,259</b>
(1,815,098)	External interest receivable (net)	(877,355)	(877,355)	(740,490)
795,190	Minimum Revenue Provision	966,280	966,280	926,640
(27,056)	Revenue income from sale of assets			
	<b>Revenue Contributions to Capital Outlay (RCCO)</b>			
1,641,467	Met from: Capital Schemes reserve			
2,479,854	Other reserves	2,992,000	2,992,000	2,992,000
95,750	General Fund			
<b>18,762,756</b>	<b>Total before transfers to and from reserves</b>	<b>16,059,765</b>	<b>18,477,143</b>	<b>16,469,409</b>
	<b>Transfers to and from reserves</b>			
	Capital Schemes reserve			
(1,641,467)	Funding of Revenue Contribution to Capital Outlay Contribution in year			
(129,227)	Budget Pressures reserve	(200,000)	(200,000)	0
2,490,052	Business Rates Equalisation reserve	(2,345,206)	(2,569,842)	(2,510,175)
87,376	Car Park Maintenance reserve	(1,003,790)	(1,138,190)	(1,235,033)
62,500	Election Costs reserve	62,500	62,500	(124,075)
456,206	Housing Revenue Account	598,260	598,260	540,145
11,278	Insurance reserve	(530)	(530)	6,879
(896,802)	IT Renewals reserve	(534,290)	(534,290)	(534,290)
3,240	Invest to Save reserve	814,079	714,079	(273,476)
(351,438)	New Homes Bonus reserve	8,646	8,646	(41,144)
(68,644)	Energy Management reserve	0	0	0
(169,709)	On Street Parking reserve	(239,780)	(239,780)	(278,643)
(4,522,771)	Pensions reserve (Statutory)	0	0	0
(300,000)	Recycling reserve	0	0	(150,000)
13,340	Spectrum reserve	185,140	185,140	185,140
398,488	Carry Forward Items	0	(1,884,997)	(1,009,954)
1,148,318	Other reserves	17,510	(55,835)	2,280,755
<b>15,353,495</b>	<b>Total after transfers to and from reserves</b>	<b>13,422,304</b>	<b>13,422,304</b>	<b>13,325,538</b>
	<b>Business Rates Retention Scheme payments</b>			
22,269,018	Business Rates tariff payment	31,332,993	31,332,993	31,332,993
	Business Rates levy payment to MHCLG	1,274,000	1,274,000	1,274,000
(475,774)	Business Rates tariff payment from MHCLG	0	0	0
(973,269)	Business Rates pilot gain from Surrey Pilot Pool	0	0	0
	<b>Non specific government grants</b>			
(1,184,857)	s31 grant re BRR scheme	(1,825,148)	(1,825,148)	(1,825,148)
(21,976)	s31 grant re council tax	0	0	0
(23,862)	New Burdens grant	0	0	0
	Other government grant	(44,208)	(44,208)	(44,208)
(1,200,586)	New Homes Bonus grant	(1,039,201)	(1,039,201)	(1,039,201)
<b>33,742,189</b>	<b>GUILDFORD BOROUGH COUNCIL NET BUDGET</b>	<b>43,120,740</b>	<b>43,120,740</b>	<b>43,023,974</b>
1,631,985	Parish Council Precepts	1,740,697	1,740,697	1,740,697
<b>35,374,174</b>	<b>TOTAL NET BUDGET</b>	<b>44,861,437</b>	<b>44,861,437</b>	<b>44,764,671</b>
(26,159,016)	Business Rates - retained income	(34,941,330)	(34,941,330)	(34,941,330)
52,958	Collection Fund Deficit - Business Rates	1,493,170	1,493,170	1,493,170
38,032	Collection Fund Surplus - Council Tax	85,997	85,997	85,997
<b>9,306,148</b>	<b>COUNCIL TAX REQUIREMENT</b>	<b>11,499,274</b>	<b>11,499,274</b>	<b>11,402,508</b>
	<b>Projected (under)/over spend</b>			<b>(96,766)</b>
	<b>Movement in MRP and External Interest</b>			<b>97,225</b>
	<b>Underlying (under) / overspend on services</b>			<b>(193,991)</b>

(from)  
to

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Service	Actual to date	Revised Budget	Projected Outturn	Contribution to (from) reserve	Variance	Notes
<b>Community Services Directorate</b>						
<b>SERVICE SUMMARY</b>						
Direct Expenditure	10,145,696	16,133,218	16,167,382	(105,864)	(71,700)	
Income	(12,966,146)	(19,856,320)	(21,064,041)		(1,207,721)	
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>(2,820,450)</b>	<b>(3,723,102)</b>	<b>(4,896,659)</b>	<b>(105,864)</b>	<b>(1,279,421)</b>	
Indirect Expenditure	2,089,237	3,275,420	3,381,100		105,680	
<b>Net (Income)/Expenditure</b>	<b>(729,444)</b>	<b>(447,682)</b>	<b>(1,515,559)</b>	<b>(105,864)</b>	<b>(1,173,741)</b>	

#### BUILDING MAINTENANCE

Direct Expenditure	2,613,218	3,434,750	3,886,738		451,988	
Income	(1,864,212)	(3,519,350)	(3,971,374)		(452,024)	
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>749,006</b>	<b>(84,600)</b>	<b>(84,636)</b>		<b>(36)</b>	
Indirect Expenditure	53,384	80,050	80,086		36	
<b>Net (Income)/Expenditure</b>	<b>802,390</b>	<b>(4,550)</b>	<b>(4,550)</b>			

0 Supplies and Services – due to similar level of workload these costs are anticipated to reach last year's figures.

Community S/By allowance was not budgeted for the current year in error. This cost is expected to reach £54k and is necessary for the BHRT to carry out their work.

Income relating to repairs requested by the North Downs Housing company will be transferred to the income account K8989 at the end of financial year, currently nearing £70k.

Additional costs will be recharged to the Housing Revenue Account.

#### GYPSY AND TRAVELLER SITES

Direct Expenditure	36,413	121,530	124,109		2,579	
Income	8,640	(202,390)	(202,390)		0	
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>45,053</b>	<b>(80,860)</b>	<b>(78,281)</b>		<b>2,579</b>	
Indirect Expenditure	2,632	3,890	3,908		18	
<b>Net (Income)/Expenditure</b>	<b>47,685</b>	<b>(76,970)</b>	<b>(74,373)</b>		<b>2,597</b>	

Service	Actual to date	Revised Budget	Projected Outturn	Contribution to (from) reserve	Variance	Notes
<b>CITIZENS ADVICE BUREAU</b>						
Direct Expenditure	176,490	283,420	283,420		0	
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>176,490</b>	<b>283,420</b>	<b>283,420</b>		<b>0</b>	
Indirect Expenditure	864	1,290	1,296		6	
<b>Net (Income)/Expenditure</b>	<b>177,354</b>	<b>284,710</b>	<b>284,716</b>		<b>6</b>	
<b>CIVIL EMERGENCIES</b>						
Direct Expenditure	31,060	60,550	60,821		271	
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>31,060</b>	<b>60,550</b>	<b>60,821</b>		<b>271</b>	
Indirect Expenditure	2,072	3,090	3,108		18	
<b>Net (Income)/Expenditure</b>	<b>33,132</b>	<b>63,640</b>	<b>63,929</b>		<b>289</b>	
<b>COMMUNITY SERVICES</b>						
<b>CORPORATE PROPERTY SERVICES</b>						
Direct Expenditure	674,754	2,522,067	1,576,516	(9,731)	(955,282)	
Income	(659,102)	(1,176,510)	(1,175,667)		843	
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>15,652</b>	<b>1,345,557</b>	<b>400,849</b>	<b>(9,731)</b>	<b>(954,439)</b>	
Indirect Expenditure	143,731	474,680	474,728		48	
<b>Net (Income)/Expenditure</b>	<b>159,383</b>	<b>1,820,237</b>	<b>875,577</b>	<b>(9,731)</b>	<b>(954,391)</b>	

Planned Maintenance budgets are held centrally and expenditure is shown in the service areas. The expenditure to date forecasted in service areas (£833,000) therefore shows as a forecast underspend in Corporate Property. In addition it has been agreed to defer £108,000 of projects until 2020-21, which may be subject to a carry forward request should the financial position allow.



Service	Actual to date	Revised Budget	Projected Outturn	Contribution to (from) reserve	Variance	Notes
<b>DAY SERVICES</b>						
Direct Expenditure	446,066	614,810	671,095		56,285	
Income	(92,608)	(152,610)	(156,019)		(3,409)	
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>353,458</b>	<b>462,200</b>	<b>515,076</b>		<b>52,876</b>	
Indirect Expenditure	115,321	173,920	173,521		(399)	
<b>Net (Income)/Expenditure</b>	<b>468,779</b>	<b>636,120</b>	<b>688,597</b>		<b>52,477</b>	Expenditure increases are unbudgeted invest to save pay back costs of £20,000 from an energy project and £20,000 of general maintenance costs at the Day Centres. Employee costs are £15,000 over budget as more expensive temporary staff are covering vacant posts; these are required to maintain regulated staff ratios.
<b>EMERGENCY COMMUNICATIONS SYSTEM</b>						
Direct Expenditure	159,986	261,440	253,586		(7,854)	
Income	(286,794)	(399,520)	(402,209)		(2,689)	
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>(126,808)</b>	<b>(138,080)</b>	<b>(148,623)</b>		<b>(10,543)</b>	
Indirect Expenditure	45,648	68,470	68,500		30	
<b>Net (Income)/Expenditure</b>	<b>(81,160)</b>	<b>(69,610)</b>	<b>(80,123)</b>		<b>(10,513)</b>	
<b>EMI SERVICES</b>						
Direct Expenditure	166,592	288,890	243,028		(45,862)	
Income	(98,740)	(105,680)	(129,367)		(23,687)	
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>67,852</b>	<b>183,210</b>	<b>113,661</b>		<b>(69,549)</b>	
Indirect Expenditure	31,392	47,050	47,080		30	
<b>Net (Income)/Expenditure</b>	<b>99,244</b>	<b>230,260</b>	<b>160,741</b>		<b>(69,519)</b>	Expenditure savings are primarily due to vacant post savings totalling £47,000. It is not anticipated that recruitment will occur until a wider restructure is complete. Changes in the way SCC fund the EMI unit are forecast to produce an overall improvement against budgeted income for the year of £24,000.
<b>ENVIRONMENTAL CONTROL</b>						
Direct Expenditure	316,295	424,740	440,663		15,923	
Income	(12,626)	(26,180)	(28,148)		(1,968)	
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>303,669</b>	<b>398,560</b>	<b>412,515</b>		<b>13,955</b>	
Indirect Expenditure	47,932	65,670	67,004		1,334	
<b>Net (Income)/Expenditure</b>	<b>351,601</b>	<b>464,230</b>	<b>479,519</b>		<b>15,289</b>	

Service	Actual to date	Revised Budget	Projected Outturn	Contribution to (from) reserve	Variance	Notes
<b>SURREY FAMILY SUPPORT PROGRAMME</b>						
Direct Expenditure	254,473	430,020	402,345	77,317	(27,675)	
Income	(3,766)	(429,510)	(427,342)		2,168	
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>250,707</b>	<b>510</b>	<b>(24,997)</b>	<b>77,317</b>	<b>(25,507)</b>	
Indirect Expenditure	60,840	91,260	91,272		12	
<b>Net (Income)/Expenditure</b>	<b>311,547</b>	<b>91,770</b>	<b>66,275</b>	<b>77,317</b>	<b>(25,495)</b>	Expenditure savings are due to vacant posts totalling £81,000. This is offset by forecast expenditure to support the Refugee Programme which is not included in the budget as it is funded from Home Office grant income held in reserves.
<b>FOOD AND SAFETY SERVICES</b>						
Direct Expenditure	175,414	316,000	286,806		(29,194)	
Income	(1,638)	(1,080)	(1,638)		(558)	
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>173,776</b>	<b>314,920</b>	<b>285,168</b>		<b>(29,752)</b>	
Indirect Expenditure	38,560	57,820	57,832		12	
<b>Net (Income)/Expenditure</b>	<b>212,336</b>	<b>372,740</b>	<b>343,000</b>		<b>(29,740)</b>	Underspend on salaries due to vacant posts
<b>HEALTH AND SAFETY</b>						
Direct Expenditure	97,354	147,470	151,110		3,640	
Income	(103,552)	(156,330)	(156,330)		0	
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>(6,198)</b>	<b>(8,860)</b>	<b>(5,220)</b>		<b>3,640</b>	
Indirect Expenditure	12,080	18,090	18,108		18	
<b>Net (Income)/Expenditure</b>	<b>5,882</b>	<b>9,230</b>	<b>12,888</b>		<b>3,658</b>	
<b>HOUSING SURVEYING SERVICES</b>						
Direct Expenditure	434,441	668,500	659,908		(8,592)	
Income	(488,219)	(755,970)	(747,420)		8,550	
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>(53,778)</b>	<b>(87,470)</b>	<b>(87,512)</b>		<b>(42)</b>	
Indirect Expenditure	68,504	102,740	102,782		42	
<b>Net (Income)/Expenditure</b>	<b>14,726</b>	<b>15,270</b>	<b>15,270</b>		<b>0</b>	Supplies and Services – a saving of £10k has been identified in Consultants (Advice) budget D4520; potential cost of cladding assessment exercise will be funded by a grant of £2,847  Any additional costs will be recharged to the Housing Revenue Account.

Service	Actual to date	Revised Budget	Projected Outturn	Contribution to (from) reserve	Variance	Notes
<b>GRANTS TO VOLUNTARY ORGANISATIONS - HOUSING AND COMMUNITY</b>						
Direct Expenditure	319,779	499,740	477,521		(22,219)	
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>319,779</b>	<b>499,740</b>	<b>477,521</b>	<b>0</b>	<b>(22,219)</b>	
Indirect Expenditure	3,416	5,120	5,132		12	
<b>Net (Income)/Expenditure</b>	<b>323,195</b>	<b>504,860</b>	<b>482,653</b>	<b>0</b>	<b>(22,207)</b>	The cash grant for Wey Valley Bowls Club has been replaced with an alternative financial arrangement.
<b>HOME FARM ESTATE, EFFINGHAM</b>						
Direct Expenditure	1,811	107,925	5,614		(102,311)	
Income	(2,861)	(11,000)	(11,000)		0	
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>(1,050)</b>	<b>96,925</b>	<b>(5,386)</b>		<b>(102,311)</b>	
Indirect Expenditure	9,046	23,410	23,410		0	
<b>Net (Income)/Expenditure</b>	<b>7,996</b>	<b>120,335</b>	<b>18,024</b>		<b>(102,311)</b>	The £102,000 site maintenance allowance funded from reserves will not be used in 2019-20. A carry forward request will be made to use the funding in 2020-21.
<b>HOMELESSNESS AND EMERGENCY ACCOMMODATION</b>						
Direct Expenditure	564,846	781,620	1,003,072		221,452	
Income	(429,355)	(9,000)	(438,355)		(429,355)	
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>135,491</b>	<b>772,620</b>	<b>564,717</b>		<b>(207,903)</b>	
Indirect Expenditure	67,824	101,730	101,754		24	
<b>Net (Income)/Expenditure</b>	<b>203,315</b>	<b>874,350</b>	<b>666,471</b>		<b>(207,879)</b>	Income received from DCLG in respect of Flexible Homelessness Support Grant £246,026, Rough Sleeper Initiative £142,000 and Prevention Partnership Fund £34,461 will be used to support additional expenditure shown above.
<b>HOUSING ADVICE</b>						
Direct Expenditure	1,806	302,580	302,648		68	
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>1,806</b>	<b>302,580</b>	<b>302,648</b>		<b>68</b>	
<b>Net (Income)/Expenditure</b>	<b>1,806</b>	<b>302,580</b>	<b>302,648</b>		<b>68</b>	

Service	Actual to date	Revised Budget	Projected Outturn	Contribution to (from) reserve	Variance	Notes
<b>AFFORDABLE HOUSING DEVELOPMENT</b>						
Direct Expenditure	80,656	92,690	106,673		13,983	
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>80,656</b>	<b>92,690</b>	<b>106,673</b>		<b>13,983</b>	
Indirect Expenditure	18,048	23,810	25,982		2,172	
<b>Net (Income)/Expenditure</b>	<b>98,704</b>	<b>116,500</b>	<b>132,655</b>		<b>16,155</b>	
<b>INDUSTRIAL ESTATES</b>						
Direct Expenditure	297,800	233,532	500,245		266,713	
Income	(2,149,792)	(3,256,620)	(3,392,637)		(136,017)	
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>(1,851,992)</b>	<b>(3,023,088)</b>	<b>(2,892,392)</b>		<b>130,696</b>	
Indirect Expenditure	116,719	160,260	169,506		9,246	
<b>Net (Income)/Expenditure</b>	<b>(1,735,273)</b>	<b>(2,862,828)</b>	<b>(2,722,886)</b>		<b>139,942</b>	Business rates for void units in Midleton Industrial Estate and Thornberry Way amount to £124,000 and £90,000 respectively, with servicing costs for voids amounting to £30,000. Valuers fees are forecast to exceed budget by £10,000 due to a higher turnover of tenants. Planned and reactive maintenance costs, where the cost are budgeted and controlled centrally by Corporate Property, amount to £16,000. The budget will be transferred at yearend. Overall rents and service charges are forecast to be £136,000 higher than budgeted with temporary lettings prior to construction being maximised and lease extensions on improved terms. Voids at Midleton Industrial Estate and Thornberry Way, are covered by the new lease agreement for 23 Woodbridge Meadows.
<b>INVESTMENT PROPERTY</b>						
Direct Expenditure	240,277	219,710	394,686	(114,380)	60,596	
Income	(3,557,915)	(5,247,990)	(5,231,318)		16,672	
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>(3,317,638)</b>	<b>(5,028,280)</b>	<b>(4,836,632)</b>	<b>(114,380)</b>	<b>77,268</b>	
Indirect Expenditure	139,974	161,590	211,189		49,599	
<b>Net (Income)/Expenditure</b>	<b>(3,177,664)</b>	<b>(4,866,690)</b>	<b>(4,625,443)</b>	<b>(114,380)</b>	<b>126,867</b>	Provision has been made for void rates for Liongate gate Ladymead amounting to £114,000. £52,000 of maintenance costs have been budgeted centrally with costs showing against investment properties; the budget will be reallocated at year end. Rental income overall is marginally down due to void properties. Increased indirect expenditure is Corporate Property Staff time charged to investment property projects and fees for advice in relation to lease agreements.

Service	Actual to date	Revised Budget	Projected Outturn	Contribution to (from) reserve	Variance	Notes
<b>LICENSING SERVICES</b>						
Direct Expenditure	195,520	271,240	289,452		18,212	
Income	(158,834)	(179,350)	(194,950)		(15,600)	
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>36,686</b>	<b>91,890</b>	<b>94,502</b>		<b>2,612</b>	
Indirect Expenditure	61,088	91,510	91,666		156	
<b>Net (Income)/Expenditure</b>	<b>97,774</b>	<b>183,400</b>	<b>186,168</b>		<b>2,768</b>	
<b>COMMUNITY MEALS AND TPT</b>						
Direct Expenditure	541,047	884,290	820,420		(63,870)	
Income	(148,756)	(273,280)	(268,448)		4,832	
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>392,291</b>	<b>611,010</b>	<b>551,972</b>		<b>(59,038)</b>	
Indirect Expenditure	69,464	104,160	104,196		36	
<b>Net (Income)/Expenditure</b>	<b>461,755</b>	<b>715,170</b>	<b>656,168</b>		<b>(59,002)</b>	Savings resulting from vacancies in the Meals on Wheels and Community Transport Service, pending a wider restructuring of the service.
<b>OFFICE SERVICES TEAM</b>						
Direct Expenditure	1,102,204	1,501,140	1,498,350		(2,790)	
Income	(1,420,967)	(2,222,440)	(2,281,652)		(59,212)	
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>(318,763)</b>	<b>(721,300)</b>	<b>(783,302)</b>		<b>(62,002)</b>	
Indirect Expenditure	446,752	683,970	681,965		(2,005)	
<b>Net (Income)/Expenditure</b>	<b>127,989</b>	<b>(37,330)</b>	<b>(101,337)</b>		<b>(64,007)</b>	Additional expenditure of £54,000 relating to the provision of office equipment for SCC has been recovered in income. Repairs and maintenance works are currently £39,000- the budget is held in Asset Management and will be allocated at year end. Mechanical and Electrical costs are estimated to be over budget by £29,600 and there are unbudgeted refurbishment costs of £31,600. Business Rates are £128,000 under budget as floor space is let to external organisations.
<b>HOUSING OUTSIDE THE HRA</b>						
Direct Expenditure	14,685	3,720	16,296		12,576	
Income	92,372	(7,460)	(5,304)		2,156	
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>107,057</b>	<b>(3,740)</b>	<b>10,992</b>		<b>14,732</b>	
Indirect Expenditure	33,599	49,890	50,245		355	
<b>Net (Income)/Expenditure</b>	<b>140,656</b>	<b>46,150</b>	<b>61,237</b>		<b>15,087</b>	

Service	Actual to date	Revised Budget	Projected Outturn	Contribution to (from) reserve	Variance	Notes
<b>OTHER PROPERTY</b>						
Direct Expenditure	290,153	304,020	343,263		39,243	
Income	(873,414)	(1,077,750)	(1,116,994)		(39,244)	
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>(583,261)</b>	<b>(773,730)</b>	<b>(773,731)</b>		<b>(1)</b>	
Indirect Expenditure	327,027	424,050	467,454		43,404	
<b>Net (Income)/Expenditure</b>	<b>(256,234)</b>	<b>(349,680)</b>	<b>(306,277)</b>		<b>43,403</b>	Planned and reactive maintenance costs for properties in the portfolio, where the cost are budgeted and controlled centrally by Corporate Property, amount to £136,000. The budget will be transferred at year end. A saving of £100,000 is due to planned maintenance on the Old Orleans building being deferred until a decision about its future use is confirmed. The small variation in property rental income is offset by an increase in indirect costs, resulting from Corporate Property Staff time recharged to maintenance projects on the property portfolio.
<b>PEST CONTROL</b>						
Direct Expenditure	29,791	49,880	49,827		(53)	
Income	(35,993)	(55,000)	(53,000)		2,000	
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>(6,202)</b>	<b>(5,120)</b>	<b>(3,173)</b>		<b>1,947</b>	
Indirect Expenditure	4,024	6,000	6,018		18	
<b>Net (Income)/Expenditure</b>	<b>(2,178)</b>	<b>880</b>	<b>2,845</b>		<b>1,965</b>	
<b>PRIVATE SECTOR HOUSING</b>						
Direct Expenditure	464,281	690,590	683,126		(7,464)	
Income	(498,576)	(330,620)	(427,907)		(97,287)	
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>(34,295)</b>	<b>359,970</b>	<b>255,219</b>		<b>(104,751)</b>	
Indirect Expenditure	77,312	115,910	115,994		84	
<b>Net (Income)/Expenditure</b>	<b>43,017</b>	<b>475,880</b>	<b>371,213</b>		<b>(104,667)</b>	Additional income from 5 year HMO licences (£46k), Salary underspend due to vacancies (£30k) and additional income from the Handyperson scheme due to higher activity levels (£28k)
<b>PROJECT ASPIRE</b>						
Direct Expenditure	20,077	0	20,077	(20,077)	0	
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>20,077</b>	<b>0</b>	<b>20,077</b>	<b>(20,077)</b>	<b>0</b>	
<b>Net (Income)/Expenditure</b>	<b>20,077</b>	<b>0</b>	<b>20,077</b>	<b>(20,077)</b>	<b>0</b>	Project Aspire is funded from reserve.

Service	Actual to date	Revised Budget	Projected Outturn	Contribution to (from) reserve	Variance	Notes
<b>PUBLIC HEALTH</b>						
Direct Expenditure	48,213	83,630	85,713		2,083	
Income	(576)	0	(576)		(576)	
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>47,637</b>	<b>83,630</b>	<b>85,137</b>		<b>1,507</b>	
Indirect Expenditure	4,480	6,680	6,710		30	
<b>Net (Income)/Expenditure</b>	<b>52,117</b>	<b>90,310</b>	<b>91,847</b>		<b>1,537</b>	
<b>COMMUNITY WELLBEING</b>						
Direct Expenditure	182,632	281,420	274,562		(6,858)	
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>182,632</b>	<b>281,420</b>	<b>274,562</b>		<b>(6,858)</b>	
Indirect Expenditure	33,296	49,930	49,948		18	
<b>Net (Income)/Expenditure</b>	<b>215,928</b>	<b>331,350</b>	<b>324,510</b>		<b>(6,840)</b>	
<b>SUPPORTING PEOPLE</b>						
<b>TAXI LICENSING AND PRIVATE HIRE VEHICLES</b>						
Direct Expenditure	106,033	177,084	167,844	(38,993)	(9,240)	
Income	(107,572)	(167,350)	(144,170)		23,180	
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>(1,539)</b>	<b>9,734</b>	<b>23,674</b>	<b>(38,993)</b>	<b>13,940</b>	
Indirect Expenditure	46,216	67,420	68,728		1,308	
<b>Net (Income)/Expenditure</b>	<b>44,677</b>	<b>77,154</b>	<b>92,402</b>	<b>(38,993)</b>	<b>15,248</b>	
<b>WOKING ROAD DEPOT STORES</b>						
Direct Expenditure	61,529	81,370	87,848		6,478	
Income	(71,290)	(93,330)	(99,826)		(6,496)	
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>(9,761)</b>	<b>(11,960)</b>	<b>(11,978)</b>		<b>(18)</b>	
Indirect Expenditure	7,992	11,960	11,978		18	

Service	Actual to date	Revised Budget	Projected Outturn	Contribution to (from) reserve	Variance	Notes
<b>Environment Directorate</b>						
<b>SERVICE SUMMARY</b>						
Direct Expenditure	19,218,108	30,060,419	30,186,215	(2,525,431)	(2,399,635)	
Income	(19,509,371)	(28,570,180)	(30,390,177)	4,207,291	2,387,294	
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>(291,263)</b>	<b>1,490,239</b>	<b>(203,962)</b>	<b>1,681,860</b>	<b>(12,341)</b>	
Indirect Expenditure	6,480,343	10,098,830	10,000,866	(252,589)	(350,553)	
<b>Net (Income)/Expenditure</b>	<b>6,189,080</b>	<b>11,589,069</b>	<b>9,796,904</b>	<b>1,429,271</b>	<b>(362,894)</b>	
<b>ABANDONED VEHICLES</b>						
Direct Expenditure	23,631	37,380	36,729		(651)	
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>23,631</b>	<b>37,380</b>	<b>36,729</b>		<b>(651)</b>	
Indirect Expenditure	2,840	4,240	4,258		18	
<b>Net (Income)/Expenditure</b>	<b>26,471</b>	<b>41,620</b>	<b>40,987</b>		<b>(633)</b>	
<b>ARMED FORCES DAY</b>						
<b>BUSINESS FORUM</b>						
Direct Expenditure	68,230	71,510	81,134		9,624	
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>68,230</b>	<b>71,510</b>	<b>81,134</b>		<b>9,624</b>	
Indirect Expenditure	1,064	1,570	1,582		12	
<b>Net (Income)/Expenditure</b>	<b>69,294</b>	<b>73,080</b>	<b>82,716</b>		<b>9,636</b>	
<b>CCTV SYSTEMS</b>						
Direct Expenditure	57,834	80,860	80,332		(528)	
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>57,834</b>	<b>80,860</b>	<b>80,332</b>		<b>(528)</b>	
Indirect Expenditure	20,195	20,330	26,051		5,721	
<b>Net (Income)/Expenditure</b>	<b>78,029</b>	<b>101,190</b>	<b>106,383</b>		<b>5,193</b>	



Service	Actual to date	Revised Budget	Projected Outturn	Contribution to (from) reserve	Variance	Notes
<b>CEMETERIES AND CLOSED CHURCHYARDS</b>						
Direct Expenditure	191,236	245,850	283,025		37,175	
Income	(43,766)	(60,430)	(73,110)		(12,680)	
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>147,470</b>	<b>185,420</b>	<b>209,915</b>		<b>24,495</b>	
Indirect Expenditure	32,826	68,540	54,767		(13,773)	
<b>Net (Income)/Expenditure</b>	<b>180,296</b>	<b>253,960</b>	<b>264,682</b>		<b>10,722</b>	Repairs and maintenance are currently £49,650- the budget is held in Asset Management and will be allocated at year end. The carry forward of £30,000 for memorial safety inspections will not be spent in this financial year.
<b>CLINICAL WASTE</b>						
Direct Expenditure	2,766	2,460	3,118		658	
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>2,766</b>	<b>2,460</b>	<b>3,118</b>		<b>658</b>	
Indirect Expenditure	208	290	296		6	
<b>Net (Income)/Expenditure</b>	<b>2,974</b>	<b>2,750</b>	<b>3,414</b>		<b>664</b>	
<b>CREMATORIUM</b>						
Direct Expenditure	406,959	817,900	617,686		(200,214)	
Income	(747,933)	(1,014,360)	(1,294,953)		(280,593)	
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>(340,974)</b>	<b>(196,460)</b>	<b>(677,267)</b>		<b>(480,807)</b>	
Indirect Expenditure	263,497	397,740	397,067		(673)	
<b>Net (Income)/Expenditure</b>	<b>(77,477)</b>	<b>201,280</b>	<b>(280,200)</b>		<b>(481,480)</b>	Salary savings total £38,000. It was anticipated that the redevelopment of the Crematorium would result in reduced revenue, with a Budget Pressures Reserve being utilised to manage this short term scenario. The level of disruption has been minimised and consequently it is not currently anticipated that the reserve will be required. The figures reflect this presentation. The budget of £159,600 for irrecoverable VAT will not now be required as we are below the 5% partial exemption threshold for 2018-19.

Service	Actual to date	Revised Budget	Projected Outturn	Contribution to (from) reserve	Variance	Notes
<b>FLEET MANAGEMENT SERVICE</b>						
Direct Expenditure	707,384	1,075,260	983,638		(91,622)	
Income	(1,754,304)	(2,827,430)	(2,844,920)		(17,490)	
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>(1,046,920)</b>	<b>(1,752,170)</b>	<b>(1,861,282)</b>		<b>(109,112)</b>	
Indirect Expenditure	991,928	1,713,460	1,713,730		270	
<b>Net (Income)/Expenditure</b>	<b>(54,992)</b>	<b>(38,710)</b>	<b>(147,552)</b>		<b>(108,842)</b>	There are savings associated with the insurance tender.
<b>LEGAL SERVICES</b>						
Direct Expenditure	918,362	1,159,520	1,293,347		133,827	
Income	(1,049,749)	(1,354,450)	(1,548,855)		(194,405)	
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>(131,387)</b>	<b>(194,930)</b>	<b>(255,508)</b>		<b>(60,578)</b>	
Indirect Expenditure	112,768	226,420	169,176		(57,244)	
<b>Net (Income)/Expenditure</b>	<b>(18,619)</b>	<b>31,490</b>	<b>(86,332)</b>		<b>(117,822)</b>	Employee costs are forecast to be £11,000 lower than budget, with vacancies and maternity leave covered by temporary staff pending a restructure of the department. External legal fees are forecast to be £148,000 higher than budget with revenue outsourced legal work forecast at £195,000 compared with £377,000 in 2018-19. Consequently income recharged to departments will be higher than budgeted. S106 work is delivering significant income and is forecast to be £45k higher than budget.
<b>ENGINEERING AND TRANSPORT SERVICES</b>						
Direct Expenditure	189,178	356,110	298,537		(57,573)	
Income	(201,170)	(398,170)	(347,903)		50,267	
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>(11,992)</b>	<b>(42,060)</b>	<b>(49,366)</b>		<b>(7,306)</b>	
Indirect Expenditure	30,064	45,060	45,090		30	
<b>Net (Income)/Expenditure</b>	<b>18,072</b>	<b>3,000</b>	<b>(4,276)</b>		<b>(7,276)</b>	There are salary savings due to vacancies and a consequent reduction in recharge income.

Service	Actual to date	Revised Budget	Projected Outturn	Contribution to (from) reserve	Variance	Notes
<b>GUILDFORD HOUSE</b>						
Direct Expenditure	219,165	367,960	351,998		(15,962)	
Income	(41,307)	(77,180)	(64,701)		12,479	
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>177,858</b>	<b>290,780</b>	<b>287,297</b>		<b>(3,483)</b>	
Indirect Expenditure	75,291	125,850	118,240		(7,610)	
<b>Net (Income)/Expenditure</b>	<b>253,149</b>	<b>416,630</b>	<b>405,537</b>		<b>(11,093)</b>	Salary savings due to vacant posts, partially offset by casual staff salaries and a reduction in income as a result of the repairs programme.
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<b>GUILDHALL</b>						
Direct Expenditure	72,832	120,580	112,772		(7,808)	
Income	(15,859)	(35,030)	(35,612)		(582)	
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>56,973</b>	<b>85,550</b>	<b>77,160</b>		<b>(8,390)</b>	
Indirect Expenditure	27,919	63,900	52,525		(11,375)	
<b>Net (Income)/Expenditure</b>	<b>84,892</b>	<b>149,450</b>	<b>129,685</b>		<b>(19,765)</b>	Significant salary savings due to various vacant posts, including Heritage Manager (merged with the Parks and Landscape Manager post), Finance and Admin Officer, and Collections Officer (filled in Oct).  Forecasted additional saving of £11,770 on H2773 – Asset Development Recharge.

Service	Actual to date	Revised Budget	Projected Outturn	Contribution to (from) reserve	Variance	Notes
<b>INFORMATION RIGHTS OFFICER</b>						
Direct Expenditure	52,359	65,950	72,927		6,977	
Income	(48,408)	(72,640)	(72,628)		12	
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>3,951</b>	<b>(6,690)</b>	<b>299</b>		<b>6,989</b>	
Indirect Expenditure	5,072	7,590	7,602		12	
<b>Net (Income)/Expenditure</b>	<b>9,023</b>	<b>900</b>	<b>7,901</b>		<b>7,001</b>	
<b>LAND DRAINAGE</b>						
Direct Expenditure	17,034	141,270	81,040		(60,230)	
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>17,034</b>	<b>141,270</b>	<b>81,040</b>		<b>(60,230)</b>	
Indirect Expenditure	67,204	163,700	131,817		(31,883)	
<b>Net (Income)/Expenditure</b>	<b>84,238</b>	<b>304,970</b>	<b>212,857</b>		<b>(92,113)</b>	There are projected savings in payments to contractors due to this being a demand led budget. The recharge from engineers will also be under budget.
<b>LEISURE ART DEVELOPMENT</b>						
Direct Expenditure	94,830	104,120	144,408		40,288	
Income	(40,663)	0	(40,638)		(40,638)	
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>54,167</b>	<b>104,120</b>	<b>103,770</b>		<b>(350)</b>	
Indirect Expenditure	15,214	22,700	22,788		88	
<b>Net (Income)/Expenditure</b>	<b>69,381</b>	<b>126,820</b>	<b>126,558</b>		<b>(262)</b>	
<b>LEISURE COMMUNITY CENTRES</b>						
Direct Expenditure	113,307	34,410	113,719		79,309	
Income	(8,150)	(11,270)	(11,131)		139	
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>105,157</b>	<b>23,140</b>	<b>102,588</b>		<b>79,448</b>	
Indirect Expenditure	51,997	90,990	84,879		(6,111)	
<b>Net (Income)/Expenditure</b>	<b>157,154</b>	<b>114,130</b>	<b>187,467</b>		<b>73,337</b>	Property services works for Park Barn Youth club are currently £63,600 and for Beverley Hall Community Centre, £10,700, the budget is allocated within Asset Development and will be reallocated at year end to cover this expenditure.

Service	Actual to date	Revised Budget	Projected Outturn	Contribution to (from) reserve	Variance	Notes
<b>LEISURE G LIVE</b>						
Direct Expenditure	271,835	415,490	415,299		(191)	
Income	(6,331)	(44,110)	(88,850)		(44,740)	
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>265,504</b>	<b>371,380</b>	<b>326,449</b>		<b>(44,931)</b>	
Indirect Expenditure	770,578	1,167,430	1,162,750	10,000	(4,680)	
<b>Net (Income)/Expenditure</b>	<b>1,036,082</b>	<b>1,538,810</b>	<b>1,489,199</b>	<b>10,000</b>	<b>(49,611)</b>	The higher than budget management fee income (£45k) reflects the improved performance of the contract.
<b>LEISURE GRANTS</b>						
Direct Expenditure	285,942	393,380	393,567		187	
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>285,942</b>	<b>393,380</b>	<b>393,567</b>		<b>187</b>	
Indirect Expenditure	1,944	2,900	2,912		12	
<b>Net (Income)/Expenditure</b>	<b>287,886</b>	<b>396,280</b>	<b>396,479</b>		<b>199</b>	
<b>LEISURE MANAGEMENT CONTRACT</b>						
Direct Expenditure	645,473	1,444,820	1,361,113		(83,707)	
Income	(1,174,055)	(2,118,190)	(1,998,969)		119,221	
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>(528,582)</b>	<b>(673,370)</b>	<b>(637,856)</b>		<b>35,514</b>	
Indirect Expenditure	1,274,493	1,900,750	1,902,686		1,936	
<b>Net (Income)/Expenditure</b>	<b>745,911</b>	<b>1,227,380</b>	<b>1,264,830</b>		<b>37,450</b>	Utility costs forecasted to be higher than estimate
<b>LEISURE PLAY DEVELOPMENT</b>						
Direct Expenditure	161,589	222,850	215,666		(7,184)	
Income	(48,447)	(39,000)	(49,000)		(10,000)	
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>113,142</b>	<b>183,850</b>	<b>166,666</b>		<b>(17,184)</b>	
Indirect Expenditure	19,832	29,680	29,746		66	
<b>Net (Income)/Expenditure</b>	<b>132,974</b>	<b>213,530</b>	<b>196,412</b>		<b>(17,118)</b>	
<b>LEISURE RANGERS</b>						
Direct Expenditure	149,696	231,010	233,452		2,442	
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>149,696</b>	<b>231,010</b>	<b>233,452</b>		<b>2,442</b>	
Indirect Expenditure	7,296	10,930	10,948		18	
<b>Net (Income)/Expenditure</b>	<b>156,992</b>	<b>241,940</b>	<b>244,400</b>		<b>2,460</b>	

Service	Actual to date	Revised Budget	Projected Outturn	Contribution to (from) reserve	Variance	Notes
<b>LEISURE SPORT DEVELOPMENT</b>						
Direct Expenditure	50,536	88,020	81,927		(6,093)	
Income	(5,267)	(3,750)	(4,837)		(1,087)	
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>45,269</b>	<b>84,270</b>	<b>77,090</b>		<b>(7,180)</b>	
Indirect Expenditure	9,304	13,940	13,946		6	
<b>Net (Income)/Expenditure</b>	<b>54,573</b>	<b>98,210</b>	<b>91,036</b>		<b>(7,174)</b>	
<b>MARKETS</b>						
Direct Expenditure	43,675	57,640	50,800		(6,840)	
Income	(97,560)	(160,410)	(149,676)		10,734	
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>(53,885)</b>	<b>(102,770)</b>	<b>(98,876)</b>		<b>3,894</b>	
Indirect Expenditure	3,624	5,430	5,442		12	
<b>Net (Income)/Expenditure</b>	<b>(50,261)</b>	<b>(97,340)</b>	<b>(93,434)</b>		<b>3,906</b>	
<b>MOT BAY</b>						
Direct Expenditure	82,753	127,010	123,810		(3,200)	
Income	(90,631)	(164,070)	(147,079)		16,991	
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>(7,878)</b>	<b>(37,060)</b>	<b>(23,269)</b>		<b>13,791</b>	
Indirect Expenditure	21,120	31,670	31,694		24	
<b>Net (Income)/Expenditure</b>	<b>13,242</b>	<b>(5,390)</b>	<b>8,425</b>		<b>13,815</b>	

Service	Actual to date	Revised Budget	Projected Outturn	Contribution to (from) reserve	Variance	Notes
<b>GUILDFORD MUSEUM</b>						
Direct Expenditure	387,438	525,310	518,168		(7,142)	
Income	(33,626)	(59,460)	(45,934)		13,526	
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>353,812</b>	<b>465,850</b>	<b>472,234</b>		<b>6,384</b>	
Indirect Expenditure	100,433	132,230	141,459		9,229	
<b>Net (Income)/Expenditure</b>	<b>454,245</b>	<b>598,080</b>	<b>613,693</b>		<b>15,613</b>	
<b>OFF STREET PARKING</b>						
Direct Expenditure	3,178,162	4,026,540	4,189,644	(407,243)	(244,139)	
Income	(6,643,668)	(11,008,440)	(10,413,963)		594,477	
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>(3,465,506)</b>	<b>(6,981,900)</b>	<b>(6,224,319)</b>	<b>(407,243)</b>	<b>350,338</b>	
Indirect Expenditure	970,539	1,473,750	1,477,047		3,297	
<b>Net (Income)/Expenditure</b>	<b>(2,494,967)</b>	<b>(5,508,150)</b>	<b>(4,747,272)</b>	<b>(407,243)</b>	<b>353,635</b>	It is projected that repair and maintenance expenditure funded from the Car Parks Maintenance Reserve will be £289,000. The reserve will also fund the Pay and Display installation and upgrade £76,215 and a half share of the cost of the parking study being £25,000, the other half being met from a Major Project budget. The budget for repairs and maintenance, currently standing at £42,700, will be transferred from Asset Management at year end. It is currently projected that meter income will be below budget for most car parks but in particular Bedford Rd, Castle and York Rd MSCPs. Season ticket income is also projected to be under budget.

Service	Actual to date	Revised Budget	Projected Outturn	Contribution to (from) reserve	Variance	Notes
<b>ON STREET PARKING</b>						
Direct Expenditure	470,968	1,361,700	1,302,939	(1,302,939)	(58,761)	
Income	(1,177,113)	(1,942,930)	(1,811,369)	1,811,369	131,561	
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>(706,145)</b>	<b>(581,230)</b>	<b>(508,430)</b>	<b>508,430</b>	<b>72,800</b>	
Indirect Expenditure	99,184	148,710	148,788	(148,788)	78	
<b>Net (Income)/Expenditure</b>	<b>(606,961)</b>	<b>(432,520)</b>	<b>(359,642)</b>	<b>359,642</b>	<b>72,878</b>	The signage budget will be under spent in this financial year by £24,600. The shortfall in income is projected to be under budget by £117,300. The corresponding payment to SCC under the terms of our agency agreement is therefore reduced.
<b>ORDNANCE SURVEY AND MAPPING SERVICES</b>						
Direct Expenditure	4,625	3,540	4,575		1,035	
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>4,625</b>	<b>3,540</b>	<b>4,575</b>		<b>1,035</b>	
Indirect Expenditure	4,072	4,530	4,848		318	
<b>Net (Income)/Expenditure</b>	<b>8,697</b>	<b>8,070</b>	<b>9,423</b>		<b>1,353</b>	
<b>PARKS AND COUNTRYSIDE</b>						
Direct Expenditure	2,668,731	4,067,470	4,061,939	(65,210)	(70,741)	
Income	(740,099)	(1,221,230)	(1,213,090)		8,140	
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>1,928,632</b>	<b>2,846,240</b>	<b>2,848,849</b>	<b>(65,210)</b>	<b>(62,601)</b>	
Indirect Expenditure	595,191	864,630	883,686		19,056	
<b>Net (Income)/Expenditure</b>	<b>2,523,823</b>	<b>3,710,870</b>	<b>3,732,535</b>	<b>(65,210)</b>	<b>(43,545)</b>	There are salary savings of £143,000 due to vacancies, a figure which includes contract cleaners and the vacancy credit. Repairs and Maintenance is currently £99,500- Asset Management hold the budget which will be allocated at year end. Miscellaneous expenses are under budget by £37,250 and games and sports equipment are over budget by £23,000. Consultants are over budget by £30,000, £20,000 being funded from reserve for the Stoke Park master plan. We have received a grant from MHCLG for £23,200. It is anticipated that rental income from Burchatts Barn will not now be achieved.



Service	Actual to date	Revised Budget	Projected Outturn	Contribution to (from) reserve	Variance	Notes
<b>PARK AND RIDE SERVICES</b>						
Direct Expenditure	333,241	695,020	676,891	(676,891)	(18,129)	
Income	(1,479)	(37,500)	(52,819)	52,819	(15,319)	
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>331,762</b>	<b>657,520</b>	<b>624,072</b>	<b>(624,072)</b>	<b>(33,448)</b>	
Indirect Expenditure	74,251	115,650	113,801	(113,801)	(1,849)	
<b>Net (Income)/Expenditure</b>	<b>406,013</b>	<b>773,170</b>	<b>737,873</b>	<b>(737,873)</b>	<b>(35,297)</b>	The external security contract came to an end at the beginning of September and GBC staff are now responsible for locking and unlocking the premises. This has produced a saving in 2019-20 of £49,500. Security gates are being installed at Artington, Merrow and Onslow at a cost of £10,000 each.
<b>PROCUREMENT</b>						
Direct Expenditure	109,184	96,810	201,890		105,080	
Income	(81,672)	(122,510)	(122,534)		(24)	
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>27,512</b>	<b>(25,700)</b>	<b>79,356</b>		<b>105,056</b>	
Indirect Expenditure	17,136	25,700	25,706		6	
<b>Net (Income)/Expenditure</b>	<b>44,648</b>	<b>0</b>	<b>105,062</b>		<b>105,062</b>	The additional costs relate to two temporary staff members - one is covering the vacant Procurement Assistant Post and the second has been agreed to undertake a number of short term procurement projects which could potentially be funded from reserve. It is assumed one post will revert to a fixed term post from March 2020.
<b>PUBLIC CONVENIENCES</b>						
Direct Expenditure	328,040	208,760	393,046		184,286	
Income	(8,032)	(12,050)	(12,050)		0	
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>320,008</b>	<b>196,710</b>	<b>380,996</b>		<b>184,286</b>	
Indirect Expenditure	62,480	95,930	97,174		1,244	
<b>Net (Income)/Expenditure</b>	<b>382,488</b>	<b>292,640</b>	<b>478,170</b>		<b>185,530</b>	There are planned works at Stoke Park Tennis Courts and Woodbridge Road. The budget for these works will be transferred from the corporate repair and maintenance budget prior to the end of the financial year.

Service	Actual to date	Revised Budget	Projected Outturn	Contribution to (from) reserve	Variance	Notes
<b>REFUSE AND RECYCLING</b>						
Direct Expenditure	3,768,115	6,540,950	6,657,300		116,350	
Income	(1,853,747)	(3,552,440)	(3,407,914)	(150,000)	(5,474)	
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>1,914,368</b>	<b>2,988,510</b>	<b>3,249,386</b>	<b>(150,000)</b>	<b>110,876</b>	
Indirect Expenditure	334,488	501,600	501,792		192	
<b>Net (Income)/Expenditure</b>	<b>2,248,856</b>	<b>3,490,110</b>	<b>3,751,178</b>	<b>(150,000)</b>	<b>111,068</b>	Staffing costs will be over budget in 2019-20. Additional gate fee costs relating to the disposal of co-mingled recyclate totalling £150,000 will be met from the recycling equalisation reserve (linked to presentation of income). October will see the end of gate fees and a transitional payment will be received to compensate on a per household basis. It is not currently assumed that the publicity and promotional budgets will be spent this year. Trade refuse disposal charges will be less than budgeted and trade refuse income is also reduced. Garden waste green bin sales are now expected to be under budget and less than in 2018-19.
<b>RIVER CONTROL</b>						
Direct Expenditure	16,580	32,300	42,842		10,542	
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>16,580</b>	<b>32,300</b>	<b>42,842</b>		<b>10,542</b>	
Indirect Expenditure	9,651	4,910	4,718		(192)	
<b>Net (Income)/Expenditure</b>	<b>26,231</b>	<b>37,210</b>	<b>47,560</b>		<b>10,350</b>	Weir repairs are anticipated at present to be in the region of £15,000 although liability for the repair has not yet been established. This is therefore subject to change as the project moves forward.
<b>ROADS AND FOOTPATHS MAINTENANCE</b>						
Direct Expenditure	22,121	37,400	31,835		(5,565)	
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>22,121</b>	<b>37,400</b>	<b>31,835</b>		<b>(5,565)</b>	
Indirect Expenditure	54,809	72,110	76,834		4,724	
<b>Net (Income)/Expenditure</b>	<b>76,930</b>	<b>109,510</b>	<b>108,669</b>		<b>(841)</b>	
<b>SNOW AND ICE PLAN HOLDING ACCOUNT</b>						
Direct Expenditure	31,887	52,340	48,028		(4,312)	
Income	0	(55,140)	(55,140)		0	
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>31,887</b>	<b>(2,800)</b>	<b>(7,112)</b>		<b>(4,312)</b>	
Indirect Expenditure	287	1,230	738		(492)	
<b>Net (Income)/Expenditure</b>	<b>32,174</b>	<b>(1,570)</b>	<b>(6,374)</b>		<b>(4,804)</b>	

Service	Actual to date	Revised Budget	Projected Outturn	Contribution to (from) reserve	Variance	Notes
<b>SPA SITES</b>						
Direct Expenditure	38,691	105,000	57,815	(57,815)	(105,000)	
Income	(2,493,103)	(105,000)	(2,493,103)	2,493,103	105,000	
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>(2,454,412)</b>	<b>0</b>	<b>(2,435,288)</b>	<b>2,435,288</b>	<b>0</b>	
<b>Net (Income)/Expenditure</b>	<b>(2,454,412)</b>	<b>0</b>	<b>(2,435,288)</b>	<b>2,435,288</b>	<b>0</b>	SPA income for the future development and maintenance of green spaces is currently projected to exceed budget by £2,388,100. An element of this income will be used in the current year to fund revenue spending, the remainder will be transferred to the reserve at year-end.
<b>STREET CLEANSING</b>						
Direct Expenditure	1,412,081	2,366,572	2,207,895		(158,677)	
Income	(101,795)	(154,690)	(162,095)		(7,405)	
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>1,310,286</b>	<b>2,211,882</b>	<b>2,045,800</b>		<b>(166,082)</b>	
Indirect Expenditure	116,008	173,970	174,018		48	
<b>Net (Income)/Expenditure</b>	<b>1,426,294</b>	<b>2,385,852</b>	<b>2,219,818</b>		<b>(166,034)</b>	There are vacancies resulting in salary savings. Additional costs for leaf fall and spring clean will be £33,000.
<b>STREET FURNITURE</b>						
Direct Expenditure	53,510	83,310	73,904		(9,406)	
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>53,510</b>	<b>83,310</b>	<b>73,904</b>		<b>(9,406)</b>	
Indirect Expenditure	12,366	24,780	21,761		(3,019)	
<b>Net (Income)/Expenditure</b>	<b>65,876</b>	<b>108,090</b>	<b>95,665</b>		<b>(12,425)</b>	

Service	Actual to date	Revised Budget	Projected Outturn	Contribution to (from) reserve	Variance	Notes
<b>TOURIST INFORMATION CENTRE</b>						
Direct Expenditure	193,327	245,290	276,743		31,453	
Income	(94,254)	(53,050)	(62,026)		(8,976)	
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>99,073</b>	<b>192,240</b>	<b>214,717</b>		<b>22,477</b>	
Indirect Expenditure	33,800	50,690	50,708		18	
<b>Net (Income)/Expenditure</b>	<b>132,873</b>	<b>242,930</b>	<b>265,425</b>		<b>22,495</b>	<p>TIC Salaries overspend due to salary increases resulting from covering Tourism Manager's responsibilities (Tourism Manager vacancy bringing savings in Tourism cost centre rather than TIC) and missing overtime budget in 2019/20.</p> <p>D5431 Computer Maintenance Agreement code - overspend due to ticketing software contract binding for most of current financial year. The software and its cost were intended to be shared between TIC and Electric Theatre which was operated by the GBC at that time. Currently the TIC must bear the cost fully. Awaiting two more invoices this year.</p>
<b>BUSINESS AND TOURISM</b>						
Direct Expenditure	286,040	501,250	449,901	(15,333)	(66,682)	
Income	(73,376)	(162,660)	(131,561)		31,099	
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>212,664</b>	<b>338,590</b>	<b>318,340</b>	<b>(15,333)</b>	<b>(35,583)</b>	
Indirect Expenditure	71,358	106,070	105,978		(92)	
<b>Net (Income)/Expenditure</b>	<b>284,022</b>	<b>444,660</b>	<b>424,318</b>	<b>(15,333)</b>	<b>(35,675)</b>	Overall the Service Unit shows a net salary saving. Income and Expenditure are both forecast to be below plan, due to the Guildford Science and Arts Festival not taking place in this year.
<b>TOWN CENTRE MANAGEMENT</b>						
Direct Expenditure	63,257	101,920	100,999		(921)	
Income	(60,778)	(272,380)	(82,000)		190,380	
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>2,479</b>	<b>(170,460)</b>	<b>18,999</b>		<b>189,459</b>	
Indirect Expenditure	11,216	16,790	16,844		54	
<b>Net (Income)/Expenditure</b>	<b>13,695</b>	<b>(153,670)</b>	<b>35,843</b>		<b>189,513</b>	Income from Public Realm Enhancements has been delayed resulting in an adverse variance of £51,000. The decision has been made to move away from a WIFI concession and in its place to run a mini competition for a larger scale WIFI joint venture. Planned sponsorship income has taken longer to establish than initially anticipated and as a result will achieve £50,000 this financial year, £138,000 lower than the budgeted level.

Service	Actual to date	Revised Budget	Projected Outturn	Contribution to (from) reserve	Variance	Notes
<b>TRANSPORTATION</b>						
Direct Expenditure	163	12,740	12,772		32	
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>163</b>	<b>12,740</b>	<b>12,772</b>		<b>32</b>	
Indirect Expenditure	3,662	7,910	6,472		(1,438)	
<b>Net (Income)/Expenditure</b>	<b>3,825</b>	<b>20,650</b>	<b>19,244</b>		<b>(1,406)</b>	
<b>VEHICLE MAINTENANCE WORKSHOP</b>						
Direct Expenditure	635,657	760,900	875,470		114,570	
Income	(364,355)	(807,560)	(922,210)		(114,650)	
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>271,302</b>	<b>(46,660)</b>	<b>(46,740)</b>		<b>(80)</b>	
Indirect Expenditure	32,752	49,110	49,134		24	
<b>Net (Income)/Expenditure</b>	<b>304,054</b>	<b>2,450</b>	<b>2,394</b>		<b>(56)</b>	Increased repair costs will be recovered via the recharge.
<b>THE VILLAGE</b>						
Direct Expenditure	194	0	147		147	Electricity costs, to be investigated
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>194</b>	<b>0</b>	<b>147</b>		<b>147</b>	
<b>Net (Income)/Expenditure</b>	<b>194</b>	<b>0</b>	<b>147</b>		<b>147</b>	
<b>WOKING ROAD DEPOT</b>						
Direct Expenditure	344,321	491,190	483,714		(7,476)	
Income	(350,090)	(534,770)	(541,609)		(6,839)	
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>(5,769)</b>	<b>(43,580)</b>	<b>(57,895)</b>		<b>(14,315)</b>	
Indirect Expenditure	63,254	102,730	98,672		(4,058)	
<b>Net (Income)/Expenditure</b>	<b>57,485</b>	<b>59,150</b>	<b>40,777</b>		<b>(18,373)</b>	
<b>RECYCLING, CLEANSING AND PARKING SERVICES OVERHEAD ACCOUNT</b>						
Direct Expenditure	45,169	88,080	87,714		(366)	
Income	(58,584)	(87,880)	(87,898)		(18)	
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>(13,415)</b>	<b>200</b>	<b>(184)</b>		<b>(384)</b>	
Indirect Expenditure	7,128	10,690	10,696		6	
<b>Net (Income)/Expenditure</b>	<b>(6,287)</b>	<b>10,890</b>	<b>10,512</b>		<b>(378)</b>	

Service	Actual to date	Revised Budget	Projected Outturn	Contribution to (from) reserve	Variance	Notes
Finance Directorate						
<b>SERVICE SUMMARY</b>						
Direct Expenditure	17,052,535	41,886,613	39,039,432	(289,696)	(3,136,877)	
Income	(19,940,857)	(37,635,390)	(34,585,733)		3,049,657	
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>(2,888,322)</b>	<b>4,251,223</b>	<b>4,453,699</b>	<b>(289,696)</b>	<b>(87,220)</b>	
Indirect Expenditure	1,579,816	2,361,100	2,367,264		6,164	
<b>Net (Income)/Expenditure</b>	<b>(1,308,506)</b>	<b>6,612,323</b>	<b>6,820,963</b>	<b>(289,696)</b>	<b>(81,056)</b>	
<b>ACCESS GROUP FOR GUILDFORD</b>						
Direct Expenditure	1,473	2,440	2,704		264	
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>1,473</b>	<b>2,440</b>	<b>2,704</b>		<b>264</b>	
Indirect Expenditure	1,632	2,430	2,430		0	
<b>Net (Income)/Expenditure</b>	<b>3,105</b>	<b>4,870</b>	<b>5,134</b>		<b>264</b>	
<b>ACCOUNTANCY</b>						
Direct Expenditure	461,828	754,560	710,383		(44,177)	
Income	(640,608)	(960,910)	(961,102)		(192)	
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>(178,780)</b>	<b>(206,350)</b>	<b>(250,719)</b>		<b>(44,369)</b>	
Indirect Expenditure	71,704	107,520	107,574		54	
<b>Net (Income)/Expenditure</b>	<b>(107,076)</b>	<b>(98,830)</b>	<b>(143,145)</b>		<b>(44,315)</b>	Underspend due to vacant posts and Future Guildford savings (£44k)
<b>BUSINESS RATES</b>						
Direct Expenditure	138,676	206,800	212,064		5,264	
Income	(18,677)	(261,850)	(264,677)		(2,827)	
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>119,999</b>	<b>(55,050)</b>	<b>(52,613)</b>		<b>2,437</b>	
Indirect Expenditure	26,616	39,850	39,886		36	
<b>Net (Income)/Expenditure</b>	<b>146,615</b>	<b>(15,200)</b>	<b>(12,727)</b>		<b>2,473</b>	

Service	Actual to date	Revised Budget	Projected Outturn	Contribution to (from) reserve	Variance	Notes
<b>CIVIC EXPENSES</b>						
Direct Expenditure	124,395	213,993	235,273		21,280	
Income	(62)	0	(62)		(62)	
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>124,333</b>	<b>213,993</b>	<b>235,211</b>		<b>21,218</b>	
Indirect Expenditure	20,248	30,330	30,360		30	
<b>Net (Income)/Expenditure</b>	<b>144,581</b>	<b>244,323</b>	<b>265,571</b>		<b>21,248</b>	The additional expenditure relates to support for borough promotional events which are projected to exceed budget by £19,000, although the Mayor will not use all of his theme budget this year saving £5,000. Salary costs are estimated to be £7,000 higher than the budget estimate.
<b>COUNCIL AND COMMITTEE SUPPORT</b>						
Direct Expenditure	131,257	212,150	214,411		2,261	
Income	0	(39,150)	(39,000)		150	
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>131,257</b>	<b>173,000</b>	<b>175,411</b>		<b>2,411</b>	
Indirect Expenditure	170,296	255,270	255,438		168	
<b>Net (Income)/Expenditure</b>	<b>301,553</b>	<b>428,270</b>	<b>430,849</b>		<b>2,579</b>	
<b>CORPORATE FINANCIAL</b>						
Direct Expenditure	180,273	204,230	255,182		50,952	
Income	0	(150,000)	(150,000)		0	
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>180,273</b>	<b>54,230</b>	<b>105,182</b>		<b>50,952</b>	
Indirect Expenditure	166,464	249,660	249,750		90	
<b>Net (Income)/Expenditure</b>	<b>346,737</b>	<b>303,890</b>	<b>354,932</b>		<b>51,042</b>	Brokers commission will be greater than budgeted due to the advisory fee on two high yielding investments (£44k)
<b>CORPORATE SERVICES</b>						
Direct Expenditure	473,874	720,870	725,502	(60,000)	4,632	
Income	(17,484)	(119,570)	(127,484)		(7,914)	
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>456,390</b>	<b>601,300</b>	<b>598,018</b>	<b>(60,000)</b>	<b>(3,282)</b>	
Indirect Expenditure	280,440	412,860	418,136	0	5,276	
<b>Net (Income)/Expenditure</b>	<b>736,830</b>	<b>1,014,160</b>	<b>1,016,154</b>	<b>(60,000)</b>	<b>1,994</b>	

Service	Actual to date	Revised Budget	Projected Outturn	Contribution to (from) reserve	Variance	Notes
<b>COMMITTEE SERVICES</b>						
Direct Expenditure	104,721	185,730	153,154		(32,576)	
Income	(147,560)	(221,340)	(221,382)		(42)	
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>(42,839)</b>	<b>(35,610)</b>	<b>(68,228)</b>		<b>(32,618)</b>	
Indirect Expenditure	25,144	37,690	37,720		30	
<b>Net (Income)/Expenditure</b>	<b>(17,695)</b>	<b>2,080</b>	<b>(30,508)</b>		<b>(32,588)</b>	Expenditure savings are due to vacancies which will not be recruited this financial year.
<b>COUNCIL TAX</b>						
Direct Expenditure	407,059	706,030	661,811		(44,219)	
Income	0	(290,000)	(280,000)		10,000	
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>407,059</b>	<b>416,030</b>	<b>381,811</b>		<b>(34,219)</b>	
Indirect Expenditure	90,464	135,680	135,722		42	
<b>Net (Income)/Expenditure</b>	<b>497,523</b>	<b>551,710</b>	<b>517,533</b>		<b>(34,177)</b>	There are a large number of vacancies in the Council Tax collection team which are in part being covered by temporary staff. The overall effect on staffing costs is a saving of £25,000. Council Tax court fees are forecast to be £10,000 lower than budget.
<b>DEMOCRATIC REPRESENTATION AND MANAGEMENT</b>						
Direct Expenditure	461,352	686,580	686,792		212	
Income	0	(107,800)	(107,800)		0	
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>461,352</b>	<b>578,780</b>	<b>578,992</b>		<b>212</b>	
Indirect Expenditure	140,304	210,370	210,448		78	
<b>Net (Income)/Expenditure</b>	<b>601,656</b>	<b>789,150</b>	<b>789,440</b>		<b>290</b>	
<b>ELECTIONS</b>						
Direct Expenditure	254,124	72,980	279,164	(186,575)	19,609	
Income	(11,568)	0	(11,568)		(11,568)	
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>242,556</b>	<b>72,980</b>	<b>267,596</b>	<b>(186,575)</b>	<b>8,041</b>	
Indirect Expenditure	14,496	21,700	21,724		24	
<b>Net (Income)/Expenditure</b>	<b>257,052</b>	<b>94,680</b>	<b>289,320</b>	<b>(186,575)</b>	<b>8,065</b>	The cost of the May 2019 Guildford Borough Election will be funded from reserves. [An annual contribution is made to reserves to fund the cost of elections.]



Service	Actual to date	Revised Budget	Projected Outturn	Contribution to (from) reserve	Variance	Notes
<b>ELECTORAL REGISTRATION</b>						
Direct Expenditure	156,780	270,030	260,029		(10,001)	
Income	(21,922)	(22,630)	(25,646)		(3,016)	
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>134,858</b>	<b>247,400</b>	<b>234,383</b>		<b>(13,017)</b>	
Indirect Expenditure	22,768	34,120	34,144		24	
<b>Net (Income)/Expenditure</b>	<b>157,626</b>	<b>281,520</b>	<b>268,527</b>		<b>(12,993)</b>	
<b>FEASIBILITY STUDIES</b>						
Direct Expenditure	23,861	40,000	40,000		0	
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>23,861</b>	<b>40,000</b>	<b>40,000</b>		<b>0</b>	
Indirect Expenditure	312	470	470		0	
<b>Net (Income)/Expenditure</b>	<b>24,173</b>	<b>40,470</b>	<b>40,470</b>		<b>0</b>	
<b>DEBTORS</b>						
Direct Expenditure	109,046	165,800	169,429		3,629	
Income	(139,864)	(209,800)	(209,842)		(42)	
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>(30,818)</b>	<b>(44,000)</b>	<b>(40,413)</b>		<b>3,587</b>	
Indirect Expenditure	29,760	44,620	44,644		24	
<b>Net (Income)/Expenditure</b>	<b>(1,058)</b>	<b>620</b>	<b>4,231</b>		<b>3,611</b>	
<b>HOUSING BENEFITS</b>						
Direct Expenditure	11,280,868	31,178,280	28,421,399		(2,756,881)	
Income	(16,035,188)	(30,985,330)	(28,232,969)		2,752,361	
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>(4,754,320)</b>	<b>192,950</b>	<b>188,430</b>		<b>(4,520)</b>	
Indirect Expenditure	137,440	206,140	206,194		54	
<b>Net (Income)/Expenditure</b>	<b>(4,616,880)</b>	<b>399,090</b>	<b>394,624</b>		<b>(4,466)</b>	The overall fluctuation in claimant numbers results in variations in expenditure and a corresponding reduction in costs recovered from DWP.

Service	Actual to date	Revised Budget	Projected Outturn	Contribution to (from) reserve	Variance	Notes
<b>INSURANCE REVENUE ACCOUNT</b>						
Direct Expenditure	801,080	831,190	812,190	6,879	(12,121)	
Income	(827,155)	(1,104,880)	(827,155)		277,725	
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>(26,075)</b>	<b>(273,690)</b>	<b>(14,965)</b>	<b>6,879</b>	<b>265,604</b>	
Indirect Expenditure	4,152	6,220	6,220		0	
<b>Net (Income)/Expenditure</b>	<b>(21,923)</b>	<b>(267,470)</b>	<b>(8,745)</b>	<b>6,879</b>	<b>265,604</b>	Our insurance cover was re-tendered in the last quarter of 2018-19. The exercise generated savings of approximately £250,000 which were removed as a single line entry [late in the budget process] from the expenditure budget of the Insurance Revenue Account. The reduced recharged income reflects this change, with corresponding savings against the insurance budget in the service accounts.
<b>IT RENEWALS REVENUE ACCOUNT</b>						
Income	(597,040)	(893,250)	(893,250)		0	
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>(597,040)</b>	<b>(893,250)</b>	<b>(893,250)</b>		<b>0</b>	
Indirect Expenditure	150,584	225,880	225,922		42	
<b>Net (Income)/Expenditure</b>	<b>(446,456)</b>	<b>(667,370)</b>	<b>(667,328)</b>		<b>42</b>	
<b>MANAGEMENT POLICY STRATEGY</b>						
Direct Expenditure	219,937	277,360	335,197		57,837	
Income	(202,536)	(303,800)	(303,860)		(60)	
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>17,401</b>	<b>(26,440)</b>	<b>31,337</b>		<b>57,777</b>	
Indirect Expenditure	15,816	23,690	23,714		24	
<b>Net (Income)/Expenditure</b>	<b>33,217</b>	<b>(2,750)</b>	<b>55,051</b>		<b>57,801</b>	Costs associated with the SOCITM consultancy package, covering the Lead Specialist ICT post and supporting service delivery offset by savings from the ICT Manager position.
<b>MISCELLANEOUS ITEMS</b>						
Direct Expenditure	409,170	873,940	694,581		(179,359)	
Income	(1,669)	(10,360)	(8,598)		1,762	
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>407,501</b>	<b>863,580</b>	<b>685,983</b>		<b>(177,597)</b>	
Indirect Expenditure	304	450	450		0	
<b>Net (Income)/Expenditure</b>	<b>407,805</b>	<b>864,030</b>	<b>686,433</b>		<b>(177,597)</b>	Corporate Inflation budget forecasted to be £180,000 underspent

Service	Actual to date	Revised Budget	Projected Outturn	Contribution to (from) reserve	Variance	Notes
<b>OPERATIONS TECHNICAL SERVICES</b>						
Direct Expenditure	818,148	1,235,050	1,122,397	(50,000)	(162,653)	
Income	(846,986)	(1,267,110)	(1,271,162)		(4,052)	
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>(28,838)</b>	<b>(32,060)</b>	<b>(148,765)</b>	<b>(50,000)</b>	<b>(166,705)</b>	
Indirect Expenditure	85,256	127,810	127,882		72	
<b>Net (Income)/Expenditure</b>	<b>56,418</b>	<b>95,750</b>	<b>(20,883)</b>	<b>(50,000)</b>	<b>(166,633)</b>	We are currently forecasting to use £50,000 of the £100,000 reserve funding to migrate ICT into the cloud. The balance of expenditure savings are due to vacancies which will not be filled as a result of Future Guildford.
<b>PARISH AND LOCAL LIAISON</b>						
Direct Expenditure	106,648	187,450	187,568		118	
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>106,648</b>	<b>187,450</b>	<b>187,568</b>		<b>118</b>	
Indirect Expenditure	5,360	8,010	8,034		24	
<b>Net (Income)/Expenditure</b>	<b>112,008</b>	<b>195,460</b>	<b>195,602</b>		<b>142</b>	
<b>PAYMENTS AND PURCHASING</b>						
Direct Expenditure	155,644	264,460	280,447		15,987	
Income	(287,426)	(433,230)	(432,464)		766	
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>(131,782)</b>	<b>(168,770)</b>	<b>(152,017)</b>		<b>16,753</b>	
Indirect Expenditure	66,576	99,850	99,892		42	
<b>Net (Income)/Expenditure</b>	<b>(65,206)</b>	<b>(68,920)</b>	<b>(52,125)</b>		<b>16,795</b>	
<b>PORTFOLIO MANAGEMENT</b>						
Direct Expenditure	181,184	266,660	253,126		(13,534)	
Income	(145,112)	(254,380)	(217,712)		36,668	
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>36,072</b>	<b>12,280</b>	<b>35,414</b>		<b>23,134</b>	
Indirect Expenditure	18,544	27,800	27,812		12	
<b>Net (Income)/Expenditure</b>	<b>54,616</b>	<b>40,080</b>	<b>63,226</b>		<b>23,146</b>	No external income from street naming service is currently projected pending the finalisation of the scheme.

Service	Actual to date	Revised Budget	Projected Outturn	Contribution to (from) reserve	Variance	Notes
<b>NON DISTRIBUTED COSTS</b>						
Direct Expenditure	(134,211)	2,074,790	2,074,792		2	
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>(134,211)</b>	<b>2,074,790</b>	<b>2,074,792</b>		<b>2</b>	
Indirect Expenditure	17,008	25,510	25,516		6	
<b>Net (Income)/Expenditure</b>	<b>(117,203)</b>	<b>2,100,300</b>	<b>2,100,308</b>		<b>8</b>	
<b>WEBSITE</b>						
Direct Expenditure	185,348	255,240	251,837		(3,403)	
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>185,348</b>	<b>255,240</b>	<b>251,837</b>		<b>(3,403)</b>	
Indirect Expenditure	18,128	27,170	27,182		12	
<b>Net (Income)/Expenditure</b>	<b>203,476</b>	<b>282,410</b>	<b>279,019</b>		<b>(3,391)</b>	

Service	Actual to date	Revised Budget	Projected Outturn	Contribution to (from) reserve	Variance
Management Directorate					
<b>SERVICE SUMMARY</b>					
Direct Expenditure	2,763,952	2,270,597	3,322,960	(1,119,896)	(67,533)
Income	(1,201,928)	(1,792,240)	(1,795,775)		(3,535)
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>1,562,024</b>	<b>478,357</b>	<b>1,527,185</b>	<b>(1,119,896)</b>	<b>(71,068)</b>
Indirect Expenditure	228,127	333,650	337,524	(1,928)	1,946
<b>Net (Income)/Expenditure</b>	<b>1,790,151</b>	<b>812,007</b>	<b>1,864,709</b>	<b>(1,121,824)</b>	<b>(69,122)</b>

Notes

#### COMMUNITY DEVELOPMENT

Direct Expenditure	206,140	335,457	292,826	(40,000)	(42,631)
Income	(18,935)	(15,000)	(19,780)		(4,780)
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>187,205</b>	<b>320,457</b>	<b>273,046</b>	<b>(40,000)</b>	<b>(47,411)</b>
Indirect Expenditure	28,960	43,170	43,350		180
<b>Net (Income)/Expenditure</b>	<b>216,165</b>	<b>363,627</b>	<b>316,396</b>	<b>(40,000)</b>	<b>(47,231)</b>

Vacant posts are projected to generate salary savings of £60,000, however this is offset by a net increase in grants paid of £15,000. A £40,000 grant has been awarded to Watts gallery as a contribution towards the Physical Energy sculpture, funded from the New Homes Bonus reserve. This is partially compensated by a £25,000 underspend relating to a carry forward from 2018-19. The Safer Guildford Partnership is planning to carry forward this balance to enable continued funding of the Partnership taking account of the expanded role in 2020 in respect of knife crime, health and wellbeing and youth crime, with the upfront investment this will require.

#### CUSTOMER SERVICE CENTRE

Direct Expenditure	225,404	301,030	316,732		15,702
Income	(302,384)	(453,570)	(453,666)		(96)
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>(76,980)</b>	<b>(152,540)</b>	<b>(136,934)</b>		<b>15,606</b>
Indirect Expenditure	53,264	79,890	79,908		18
<b>Net (Income)/Expenditure</b>	<b>(23,716)</b>	<b>(72,650)</b>	<b>(57,026)</b>		<b>15,624</b>

Service	Actual to date	Revised Budget	Projected Outturn	Contribution to (from) reserve	Variance	Notes
<b>INTERNAL AUDIT</b>						
Direct Expenditure	14,922	117,090	116,533		(557)	
Income	(99,744)	(149,610)	(149,610)		0	
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>(84,822)</b>	<b>(32,520)</b>	<b>(33,077)</b>		<b>(557)</b>	
Indirect Expenditure	4,768	7,150	7,168		18	
<b>Net (Income)/Expenditure</b>	<b>(80,054)</b>	<b>(25,370)</b>	<b>(25,909)</b>		<b>(539)</b>	
<b>BUSINESS IMPROVEMENT</b>						
Direct Expenditure	157,108	243,580	249,493		5,913	
Income	(166,080)	(249,120)	(249,120)		0	
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>(8,972)</b>	<b>(5,540)</b>	<b>373</b>		<b>5,913</b>	
Indirect Expenditure	22,174	30,910	32,496		1,586	
<b>Net (Income)/Expenditure</b>	<b>13,202</b>	<b>25,370</b>	<b>32,869</b>		<b>7,499</b>	
<b>FUTURE GUILDFORD</b>						
Direct Expenditure	1,355,412	0	1,079,896	(1,079,896)	0	
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>1,355,412</b>	<b>0</b>	<b>1,079,896</b>	<b>(1,079,896)</b>	<b>0</b>	
Indirect Expenditure	3,841	0	1,928	(1,928)	0	
<b>Net (Income)/Expenditure</b>	<b>1,359,253</b>	<b>0</b>	<b>1,081,824</b>	<b>(1,081,824)</b>	<b>0</b>	Costs connected with the Future Guildford project are being funded from the invest to save reserve.
<b>HR SERVICES</b>						
Direct Expenditure	332,608	487,400	497,457		10,057	
Income	(376,496)	(564,740)	(564,740)		0	
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>(43,888)</b>	<b>(77,340)</b>	<b>(67,283)</b>		<b>10,057</b>	
Indirect Expenditure	50,896	76,340	76,364		24	
<b>Net (Income)/Expenditure</b>	<b>7,008</b>	<b>(1,000)</b>	<b>9,081</b>		<b>10,081</b>	
<b>OTHER EMPLOYEE COSTS</b>						
Direct Expenditure	145,629	305,940	310,477		4,537	
Income	(145,641)	(218,230)	(218,383)		(153)	
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>(12)</b>	<b>87,710</b>	<b>92,094</b>		<b>4,384</b>	
Indirect Expenditure	10,992	16,460	16,478		18	
<b>Net (Income)/Expenditure</b>	<b>10,980</b>	<b>104,170</b>	<b>108,572</b>		<b>4,402</b>	

Service	Actual to date	Revised Budget	Projected Outturn	Contribution to (from) reserve	Variance	Notes
<b>PAYROLL AND INSURANCE</b>						
Direct Expenditure	87,526	116,140	124,404		8,264	
Income	(91,648)	(137,470)	(137,476)		(6)	
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>(4,122)</b>	<b>(21,330)</b>	<b>(13,072)</b>		<b>8,258</b>	
Indirect Expenditure	14,600	21,830	21,878		48	
<b>Net (Income)/Expenditure</b>	<b>10,478</b>	<b>500</b>	<b>8,806</b>		<b>8,306</b>	
<b>PUBLIC RELATIONS AND MARKETING</b>						
Direct Expenditure	239,203	366,960	335,142		(31,818)	
Income	(1,000)	(4,500)	(3,000)		1,500	
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>238,203</b>	<b>362,460</b>	<b>332,142</b>		<b>(30,318)</b>	
Indirect Expenditure	38,632	57,900	57,954		54	
<b>Net (Income)/Expenditure</b>	<b>276,835</b>	<b>420,360</b>	<b>390,096</b>		<b>(30,264)</b>	Expenditure savings are primarily due to the decision not to renew the agreement with Eagle Radio and lower than budgeted costs for 'About Guildford'.

Service	Actual to date	Revised Budget	Projected Outturn	Contribution to (from) reserve	Variance	Notes
<b>Planning and Regeneration Directorate</b>						
<b>SERVICE SUMMARY</b>						
Direct Expenditure	3,445,500	6,309,480	5,864,513	(171,729)	(616,696)	
Income	(1,595,055)	(2,593,020)	(2,703,443)		(110,423)	
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>1,850,445</b>	<b>3,716,460</b>	<b>3,161,070</b>	<b>(171,729)</b>	<b>(727,119)</b>	
Indirect Expenditure	806,036	1,125,200	1,174,332		49,132	
<b>Net (Income)/Expenditure</b>	<b>2,656,481</b>	<b>4,841,660</b>	<b>4,335,402</b>	<b>(171,729)</b>	<b>(677,987)</b>	
 <b>BUILDING CONTROL SUMMARY</b>						
Direct Expenditure	658,275	795,634	950,701		155,067	
Income	(317,666)	(503,510)	(473,887)		29,623	
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>340,609</b>	<b>292,124</b>	<b>476,814</b>		<b>184,690</b>	
Indirect Expenditure	80,184	120,270	120,300		30	
<b>Net (Income)/Expenditure</b>	<b>420,793</b>	<b>412,394</b>	<b>597,114</b>		<b>184,720</b>	Vacant post savings are being used to part-fund three agency surveyors although there is an overall shortfall in funding from this arrangement of £47,750. Consultants costs will be higher than budgeted. Building control fees will not now achieve budget; approved inspectors have now been able to obtain insurance and the additional work anticipated will not materialise. There are redundancy costs coded to this service.
 <b>CLIMATE CHANGE</b>						
Direct Expenditure	73,688	120,010	135,029		15,019	
Income	(172,627)	(201,630)	(238,984)		(37,354)	
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>(98,939)</b>	<b>(81,620)</b>	<b>(103,955)</b>		<b>(22,335)</b>	
Indirect Expenditure	32,712	49,010	49,058		48	
<b>Net (Income)/Expenditure</b>	<b>(66,227)</b>	<b>(32,610)</b>	<b>(54,897)</b>		<b>(22,287)</b>	The vacant post of Climate Change Officer is currently being covered by the use of casual staff. The Salix and Energy Invest to Save recharges are more than budgeted.



Service	Actual to date	Revised Budget	Projected Outturn	Contribution to (from) reserve	Variance	Notes
<b>DEVELOPMENT CONTROL</b>						
Direct Expenditure	1,575,335	2,201,006	2,391,734		190,728	
Income	(933,370)	(1,606,000)	(1,708,327)		(102,327)	
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>641,965</b>	<b>595,006</b>	<b>683,407</b>		<b>88,401</b>	
Indirect Expenditure	438,742	575,150	624,729		49,579	
<b>Net (Income)/Expenditure</b>	<b>1,080,707</b>	<b>1,170,156</b>	<b>1,308,136</b>		<b>137,980</b>	Salary, casual and agency budgets will be over budget by £35,300. Planning fees are projected under budget at this stage by £73,100 as income levels continue to fall with no major applications in the pipeline. Planning Performance Application are due to generate £90,500 in this financial year. S106 monitoring fees and pre-application fees will be over budget in line with the recent increase in fees. Planning appeal expenses are projected to be £132,600 over budget and we will be looking to recover some of those costs (up to £100,000). The scanning budget will be underspent by £86,100. We have received a government grant of £50,000 to help deal with unauthorised development in the green belt and this will be spent in this financial year.
<b>LOCAL LAND CHARGES</b>						
Direct Expenditure	152,333	214,850	214,377		(473)	
Income	(170,697)	(266,880)	(266,871)		9	
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>(18,364)</b>	<b>(52,030)</b>	<b>(52,494)</b>		<b>(464)</b>	
Indirect Expenditure	21,992	32,730	32,883		153	
<b>Net (Income)/Expenditure</b>	<b>3,628</b>	<b>(19,300)</b>	<b>(19,611)</b>		<b>(311)</b>	

Service	Actual to date	Revised Budget	Projected Outturn	Contribution to (from) reserve	Variance	Notes
<b>MAJOR PROJECTS</b>						
Direct Expenditure	277,109	1,563,926	985,750	(149,969)	(728,145)	
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>277,109</b>	<b>1,563,926</b>	<b>985,750</b>	<b>(149,969)</b>	<b>(728,145)</b>	
Indirect Expenditure	96,960	145,360	145,372		12	
<b>Net (Income)/Expenditure</b>	<b>374,069</b>	<b>1,709,286</b>	<b>1,131,122</b>	<b>(149,969)</b>	<b>(728,133)</b>	Employee related costs are expected to be £106,493 over the revenue budget which takes into account a capital allocation of £152,209. 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 Gyrotory (£50,000), Blackwell Farm (£33,000), Spectrum 2.0 (£226,000), Millbrook Decking (£80,000), Guildford StationPlatform Study (£60,000), Bedford Wharf (£80,000), SMC (£160,000) and Major Projects (£30,000) which has been partially offset by unbudgeted Museum consultants fees of £26,000 and LEP fees of £6,000 for Bike Share Scheme.
<b>POLICY</b>						
Direct Expenditure	697,223	1,361,024	1,133,186	(21,760)	(249,598)	
Income	(695)	(15,000)	(15,374)		(374)	
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>696,528</b>	<b>1,346,024</b>	<b>1,117,812</b>	<b>(21,760)</b>	<b>(249,972)</b>	
Indirect Expenditure	120,854	180,800	180,086		(714)	
<b>Net (Income)/Expenditure</b>	<b>817,382</b>	<b>1,526,824</b>	<b>1,297,898</b>	<b>(21,760)</b>	<b>(250,686)</b>	There are salary savings due to vacancies although agency and consultants have been retained in lieu of some posts. Referendum and consultants costs for Lovelace, Puttenham and Send neighbourhood plans will be £32,000 with government grants of £60,000 not due until 2020-21. Costs for the judicial review process are estimated at £113,500 at present. Work on the the Infrastructure Delivery Plan will not now take place in this financial year. CIL consultants costs will not be spent in this financial year. Planning policy software costs of £21,760 will be funded from the Policy reserve and we do not anticipate any further expenditure there. The Local Plan inspector's budget of £50,000 will not be required this year.

Service	Actual to date	Revised Budget	Projected Outturn	Contribution to (from) reserve	Variance	Notes
<b>SLYFIELD AREA REGENERATION PROJECT (SARP)</b>						
Direct Expenditure	11,537	53,030	53,736		706	
<b>Total Directly Controllable (Income)/Expenditure</b>	<b>11,537</b>	<b>53,030</b>	<b>53,736</b>		<b>706</b>	
Indirect Expenditure	14,592	21,880	21,904		24	
<b>Net (Income)/Expenditure</b>	<b>26,129</b>	<b>74,910</b>	<b>75,640</b>		<b>730</b>	

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HOUSING REVENUE ACCOUNT SUMMARY - BUDGET MONITOR (APRIL 2019 - NOVEMBER 2019)

2017-18 £ Actual	2018-19 £ Actual	Analysis Borough Housing Services	2019-20 £ Estimate	2019-20 £ Projection
613,565	738,104	Income Collection	682,940	676,228
948,978	1,036,217	Tenants Services	938,680	954,804
64,128	81,030	Tenant Participation	148,270	114,863
68,808	69,865	Garage Management	101,340	96,751
64,083	59,064	Elderly Persons Dwellings	66,740	68,365
524,075	584,036	Flats Communal Services	432,530	523,769
432,181	423,867	Environmental Works to Estates	482,000	454,011
5,523,575	5,676,678	Responsive & Planned Maintenance	5,357,668	5,657,431
120,028	121,665	SOCH & Equity Share Administration	141,950	130,636
<b>8,359,422</b>	<b>8,790,527</b>		<b>8,352,118</b>	<b>8,676,858</b>
		<b>Strategic Housing Services</b>		
360,623	419,543	Advice, Registers & Tenant Selection	360,450	347,622
210,368	217,026	Void Property Management & Lettings	210,010	179,616
9,142	9,700	Homelessness Hostels	5,120	5,120
142,418	155,194	Supported Housing Management	163,210	161,592
392,915	426,311	Strategic Support to the HRA	380,990	367,595
<b>1,115,468</b>	<b>1,227,774</b>		<b>1,119,780</b>	<b>1,061,545</b>
		<b>Community Services</b>		
911,190	938,878	Sheltered Housing	842,400	885,274
		<b>Other Items</b>		
5,528,728	5,638,889	Depreciation	5,528,730	5,528,730
(44,323)	(45,515)	Revaluation and other Capital items	0	0
165,468	163,276	Debt Management	160,590	160,590
280,328	343,578	Other Items	632,390	382,312
<b>16,316,281</b>	<b>17,057,407</b>	<b>Total Expenditure</b>	<b>16,636,008</b>	<b>16,695,309</b>
(32,247,174)	(31,991,396)	Income	(32,445,282)	(32,276,803)
<b>(15,930,894)</b>	<b>(14,933,989)</b>	<b>Net Cost of Services(per inc &amp; exp a/c)</b>	<b>(15,809,274)</b>	<b>(15,581,494)</b>
<b>264,207</b>	<b>258,720</b>	HRA share of CDC	<b>256,800</b>	<b>251,530</b>
<b>(15,666,687)</b>	<b>(14,675,269)</b>	<b>Net Cost of HRA Services</b>	<b>(15,552,474)</b>	<b>(15,329,964)</b>
(384,996)	(456,206)	Investment Income	(598,260)	(598,260)
5,004,072	5,159,240	Interest Payable	5,142,230	5,131,995
<b>(11,047,611)</b>	<b>(9,972,235)</b>	<b>Deficit for Year on HRA Services</b>	<b>(11,008,504)</b>	<b>(10,796,229)</b>
627,309	0	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
7,563,162	7,849,699	Contrib to/(Use of) New Build Reserve	8,433,504	8,221,229
309,017	(421,229)	Tfr (fr) to Pensions Reserve	0	0
640,110	0	Tfr (from)/to CAA re: Voluntary Revenue Provision	0	0
71,504	76,058	Tfr (from)/to CAA re: Revaluation	0	0
(627,309)	0	Tfr (from)/to CAA re: REFCUS	0	0
(27,181)	(30,543)	Tfr (from)/to CAA re: Intangible assets	0	0
(9,000)	(1,750)	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>

2017-18 £ Actual	2018-19 £ Actual	Analysis Borough Housing Services	2019-20 £ Estimate	2019-20 £ Projection
(29,579,133)	(29,236,342)	Rent Income - Dwellings	(29,736,103)	(29,552,404)
(207,228)	(208,349)	Rent Income - Rosebery Hsg Assoc	(209,980)	(209,980)
(199,874)	(206,530)	Rents - Shops, Buildings etc	(194,300)	(221,172)
(699,962)	(718,083)	Rents - Garages	(739,774)	(755,963)
<b>(30,686,197)</b>	<b>(30,369,304)</b>	<b>Total Rent Income</b>	<b>(30,880,157)</b>	<b>(30,739,519)</b>
(316,404)	(140,122)	Supporting People Grant	(105,000)	(123,000)
(937,611)	(1,023,033)	Service Charges	(1,007,580)	(1,007,087)
(21,432)	(9,144)	Legal Fees Recovered	(28,840)	(28,840)
(44,698)	(51,614)	Service Charges Recovered	(40,000)	(40,000)
(240,832)	(398,179)	Miscellaneous Income	(383,705)	(338,356)
<b>(32,247,174)</b>	<b>(31,991,396)</b>	<b>Total Income</b>	<b>(32,445,282)</b>	<b>(32,276,803)</b>

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GENERAL FUND CAPITAL PROGRAMME - ESTIMATED EXPENDITURE 2019-20 to 2024-25

Ref	Directorate/Service and Capital Scheme name	Approved gross estimate (a) £000	Cumulative spend at 31-03-19 (b) £000	2019-20				Revised estimate (d) £000	Expenditure at 02.12.2019 (e) £000	Projected exp est by project officer (f) £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	2024-25 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	Funded from Reserves	Net cost of scheme (h)-(i) = (j) £000
				Estimate approved by Council in February (c) £000	Rolled over (d) (i) £000	Supplementary Ests (d) (ii) £000	Virements (d) (ii) £000													
<b>APPROVED SCHEMES</b>																				
<b>COMMUNITY DIRECTORATE</b>																				
<b>General Fund Housing</b>																				
ED30	Home Farm, Effingham - provision of Gypsy and Traveller	1,000	987	-	-	-	-	(10)	-	-	-	-	-	-	-	987	-	-	987	
	Disabled Facilities Grants		annual	605	-	-	605	280	605	605	605	605	605	605	3,025	3,630	(710)	-	2,920	
	Better Care Fund			-	-	-	-	121	-	-	-	-	-	-	-	-	-	-	-	
	Home Improvement Assistance			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	Solar Energy Loans			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	BCF TESH Project			-	-	-	-	5	-	-	-	-	-	-	-	-	-	-	-	
	BCF Prevention grant			-	-	-	-	4	-	-	-	-	-	-	-	-	-	-	-	
	SHIP			-	-	-	-	1	-	-	-	-	-	-	-	-	-	-	-	
	General Grants to HAS		annual	100	-	-	100	-	100	100	100	100	100	100	500	600	-	-	600	
	General feasibility, site preparation costs for affordable housing		annual	120	-	-	120	-	-	120	120	120	120	120	600	680	-	-	680	
	Bright Hill Car Park Site			19	-	-	-	8	30	-	-	-	-	-	-	-	-	-	-	
	Garage Sites-General			160	-	-	-	1	1	-	-	-	-	-	-	-	-	-	-	
	Japonica Court/Shawfield Day Centre COMPLETE			4	-	-	-	2	2	-	-	-	-	-	-	-	-	-	-	
	Site B10b feasibility			-	-	-	-	2	2	-	-	-	-	-	-	-	-	-	-	
	Redevelopment bid 13			-	-	-	-	12	45	-	-	-	-	-	-	-	-	-	-	
<b>Corporate Property</b>																				
ED3/15	Disabled Access (DDA) Improvements: ph.2 & 3	404	368	-	36	-	36	0	36	-	-	-	-	-	-	404	-	-	404	
ED14(e)	Void investment property refurbishment works	400	237	10	47	-	47	-	47	-	-	-	-	-	-	400	-	-	400	
ED14	5 High Street void works			55	50	-	105	42	105	-	-	-	-	-	-	-	-	-	-	
ED14	Unit 3 The Billings void works			-	1	-	1	1	1	-	-	-	-	-	-	-	-	-	-	
ED15	Liongate void works			-	-	-	10	10	10	-	-	-	-	-	-	-	-	-	-	
ED14	10 Midleton void works	230		130		100	230	7	230	-	-	-	-	-	-	230	(100)	-	130	
ED19	Asbestos surveys and removal in non-residential council	158	130	32	(4)	-	28	16	28	-	-	-	-	-	-	158	-	-	158	
ED21	Methane gas monitoring system	100	45	45	10	-	55	-	51	-	-	-	-	-	-	96	-	-	100	
ED21a	Methane gas monitoring Depots			-	-	-	-	-	4	-	-	-	-	-	-	-	-	-	-	
ED22	Energy efficiency compliance - Council owned properties	245	58	-	187	-	187	9	50	137	-	-	-	-	137	245	-	-	245	
ED26	Bridges - Inspections and remedial works	317	173	-	130	-	130	-	130	-	-	-	-	-	-	317	-	-	317	
ED26	Bridges - Millmead Footbridge			4				-	-	-	-	-	-	-	-	-	-	-	-	
ED26	Bridges - Shalford Common			1				-	-	-	-	-	-	-	-	-	-	-	-	
ED26	Bridges - Millmead Lattice			9				8	-	-	-	-	-	-	-	-	-	-	-	
ED26	Bridges - Shalford Rd/Millmead Island			0				-	-	-	-	-	-	-	-	-	-	-	-	
ED35	Electric Theatre - new boilers	120		120	-	-	120	-	120	-	-	-	-	-	-	120	-	-	120	
ED41	The Billings roof	200	27	-	(2)	-	(2)	(1)	(2)	175	-	-	-	-	175	200	-	-	200	
ED42	Guildford house damp-proofing- removal of decayed timber	35	31	-	4	-	4	1	4	-	-	-	-	-	-	35	-	-	35	
ED44	Broadwater cottage	224	69	172	(17)	-	155	14	155	-	-	-	-	-	-	224	-	-	224	
ED45	Gunpowder mills - scheduled ancient monument	222	5	145	20	-	165	4	165	52	-	-	-	-	52	222	-	-	222	
ED46	New House - short term works following acquisition	70	54	-	16	-	16	-	16	-	-	-	-	-	-	70	-	-	70	
ED51(p)	Guildford House Exhibition lighting	50	-	50	-	-	50	-	50	-	-	-	-	-	-	50	-	-	50	
ED47	Cladding of Ash Vale units	145	13	135	(3)	-	132	(8)	40	92	-	-	-	-	92	145	-	-	145	
ED55	48 Quarry Street, Museum - structural works	250	15	232	3	-	235	193	235	-	-	-	-	-	-	250	-	-	250	
ED53	Tyting Farm Land-removal of barns and concrete hardstanding	200	-	200	-	-	200	7	200	-	-	-	-	-	-	200	-	-	200	
ED56	Foxenden Tunnels safety works	110		110	-	-	110	15	110	-	-	-	-	-	-	110	-	-	110	
ED57	Holy Trinity Church boundary wall	63		63	-	-	63	4	63	-	-	-	-	-	-	63	-	-	63	
<b>Office Services</b>																				
BS4	Hydro private wire - Tollhouse to Millmead	4	3	-	1	-	1	-	1	-	-	-	-	-	-	4	-	-	4	
	Millmead - IT Cooling System	150	18	-	132	-	132	9	132	-	-	-	-	-	-	150	-	-	150	
<b>COMMUNITY DIRECTORATE TOTAL</b>		<b>4,696</b>	<b>2,430</b>	<b>2,324</b>	<b>611</b>	<b>100</b>	<b>0</b>	<b>3,035</b>	<b>757</b>	<b>2,766</b>	<b>1,281</b>	<b>825</b>	<b>825</b>	<b>825</b>	<b>825</b>	<b>4,581</b>	<b>9,589</b>	<b>(810)</b>		<b>8,783</b>
<b>ENVIRONMENT DIRECTORATE</b>																				
<b>Operational Services</b>																				
OP1	Safer Guildford: CCTV & Lighting Strategy - Lighting Strategy	345	324	21	0	-	21	-	0	21	-	-	-	-	21	345	-	-	345	
OP5	Mill Lane (Pirbright) Flood Protection Scheme	71	55	16	(0)	-	16	-	16	-	-	-	-	-	-	71	(19)	-	52	
OP6	Vehicles, Plant & Equipment Replacement Programme	9,845	5,750	579	116	-	695	328	695	4,220	-	-	-	-	4,220	10,665	(26)	-	10,639	
	Mary Road Flood (EA grant) COMPLETE	45	16	29	0	-	29	-	0	-	-	-	-	-	-	16	(16)	-	-	
OP20	Flood resilience measures (use in conjunction with grant funded)	100	-	100	-	-	100	-	100	-	-	-	-	-	-	100	-	-	100	
OP22	Litter bins replacement	265	112	-	153	-	153	-	0	153	-	-	-	-	153	265	-	-	265	
OP25	WRD roads and footpaths	150	95	40	15	-	55	59	55	-	-	-	-	-	-	150	-	-	150	
OP26	Marrow lane grille & headwall construction	60	3	57	(0)	-	57	-	(0)	57	-	-	-	-	57	60	-	-	60	
OP27	Marrow & Burpham surface water study	15	-	15	-	-	15	-	15	-	-	-	-	-	-	15	-	-	15	
OP28	Crown court CCTV	10	-	10	-	-	10	-	10	-	-	-	-	-	-	10	-	-	10	
OP17	New vehicle washing system	155	1	-	154	-	154	52	154	-	-	-	-	-	-	155	-	-	155	
<b>Parks and Leisure</b>																				
PL11	Spectrum Roof replacement	4,000	1,535	300	135	-	435	40	435	-	-	-	-	-	-	3,100	-	-	3,100	
	Spectrum roof - steelwork ph2	-	409	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	

GENERAL FUND CAPITAL PROGRAMME - ESTIMATED EXPENDITURE 2019-20 to 2024-25

Ref	Directorate/Service and Capital Scheme name	Approved gross estimate (a) £000	Cumulative spend at 31-03-19 (b) £000	2019-20			Virements (d) (ii) £000	Revised estimate (d) £000	Expenditure at 02.12.2019 (e) £000	Projected exp est by project officer (f) £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	2024-25 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	Funded from Reserves	Net cost of scheme (h)-(i) = (j) £000
				Estimate approved by Council in February (c) £000	Rolled over (d) (i) £000	Supplementary Ests (d) (ii) £000														
	Spectrum roof - steelwork ph3	-	720	-	-	-	-	19	-	-	-	-	-	-	-	-	-	-	-	-
PL25	Spectrum Combined Heat and Power (GF contr) COMPLETE	867	290	-	77	-	77	15	15	-	-	-	-	-	-	-	305	-	-	305
PL15	Infrastructure works: Guildford Commons	150	3	-	-	-	-	-	-	-	-	-	-	-	-	-	3	-	-	3
PL15(a)	Infrastructure works: Guildford Commons: Merrow	-	12	-	5	-	5	2	5	-	-	-	-	-	-	-	17	-	-	17
PL15(b)	Infrastructure works: Guildford Commons: Shalford	-	111	-	19	-	19	19	19	-	-	-	-	-	-	-	130	-	-	130
PL20(b)	Westnye Gardens play area	125	118	-	7	-	7	1	7	-	-	-	-	-	-	-	125	(1)	-	124
PL20(c)	Redevelopment of Westborough and Park barn play area	320	-	250	-	-	250	-	25	295	-	-	-	-	295	320	-	-	320	
PL34	Stoke cemetery re-tarmac	47	-	47	-	-	47	-	-	47	-	-	-	-	47	47	-	-	47	
PL35	Woodbridge rd sportsground replace fencing	292	195	-	55	-	42	97	67	97	-	-	-	-	-	292	-	-	292	
PL36	Stoke Park Composting facility NO LONGER REQD	105	-	105	-	-	105	-	-	-	-	-	-	-	-	-	-	-	-	
PL39(P)	Aldershot rd allotment expansion & improvement	20	-	-	-	-	20	1	20	-	-	-	-	-	-	20	-	-	20	
PL42	Pre-sang costs	100	24	61	15	-	76	30	76	-	-	-	-	-	-	100	-	-	100	
PL43	Stoke Cemetery Chapel - phase 2(COMPLETE)	1	-	-	-	-	1	1	1	-	-	-	-	-	-	1	-	-	1	
PL47	Wall repairs for parks, cemeteries & recreation facilities	201	172	-	23	-	6	30	8	30	-	-	-	-	-	201	-	-	201	
PL57	Parks and Countryside - repairs and renewal of paths,roads and	165	94	-	71	-	71	6	71	-	-	-	-	-	-	165	-	-	165	
PL24	Kings college astro turf	547	76	-	470	-	470	417	470	-	-	-	-	-	-	547	(427)	-	120	
PL58	Shalford Common - regularising car parking/reduction of	121	-	60	-	-	60	22	22	99	-	-	-	-	99	121	-	-	121	
	Allen House Pavillion - Roof Works	30	-	-	-	-	30	-	30	-	-	-	-	-	-	30	-	-	30	
PL60	Traveller encampments - Bellfields Green	72	-	72	-	-	72	39	72	-	-	-	-	-	-	72	-	-	72	
PL60	Traveller encampments - Shalford Common	48	-	48	-	-	48	-	48	-	-	-	-	-	-	48	-	-	48	
	<b>ENVIRONMENT TOTAL DIRECTORATE</b>	<b>18,272</b>	<b>10,117</b>	<b>1,810</b>	<b>1,315</b>	<b>-</b>	<b>79</b>	<b>3,225</b>	<b>1,127</b>	<b>2,488</b>	<b>4,892</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,892</b>	<b>17,497</b>	<b>(489)</b>	<b>-</b>	<b>17,008</b>
	<b>FINANCE DIRECTORATE</b>																			
	<b>Financial Services</b>																			
FS1	Capital contingency fund	annual	-	5,000	-	-	(446)	4,554	-	4,554	5,000	5,000	5,000	5,000	5,000	25,000	29,554	-	-	29,554
	<b>RESOURCES DIRECTORATE TOTAL</b>	<b>0</b>	<b>0</b>	<b>5,000</b>	<b>0</b>	<b>0</b>	<b>(446)</b>	<b>4,554</b>	<b>0</b>	<b>4,554</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>29,554</b>	<b>0</b>	<b>-</b>	<b>29,554</b>
	<b>DEVELOPMENT/INCOME GENERATING/COST REDUCTION PROJECTS</b>																			
	<b>Development / Infrastructure</b>																			
ED54	Rodboro Buildings - electric theatre through road and parking	450	10	450	(10)	-	-	440	5	70	280	-	-	-	280	360	-	-	360	
ED18	Museum and castle development	1,652	188	180	264	-	444	132	444	1,020	-	-	-	-	1,020	1,652	-	-	1,652	
ED52	Public Realm Scheme (Chapel Street/Castle Street/Tunsgate)	2,627	992	1,425	(157)	-	367	1,635	12	1,635	-	-	-	-	-	2,627	(10)	(1,615)	1,002	
	Investment in North Downs Housing (60%)	15,180	4,619	3,600	779	-	-	4,379	2,730	4,379	4,500	1,682	-	-	6,182	15,180	-	-	15,180	
	Equity shares in Guildford Holdings Ltd (40%)	10,120	3,083	2,400	520	-	-	2,920	1,820	2,920	3,000	1,117	-	-	4,117	10,120	-	-	10,120	
P5	Walnut Bridge replacement	3,341	1,366	801	63	-	-	864	166	864	1,094	17	-	-	1,111	3,341	(1,825)	-	1,516	
ED32	Internal Estate Road - CLLR Phase 1	11,139	2,292	6,500	2,347	-	-	8,847	6,893	8,847	-	-	-	-	-	11,139	(5,100)	-	6,039	
P9c	Town Centre Gateway Regeneration	3,523	43	3,481	(1)	-	-	3,480	7	(0)	3,480	-	-	-	3,480	3,523	-	-	3,523	
	SMC(West) Phase 1	3,850	250	1,383	552	-	-	1,935	344	625	2,975	-	-	-	2,975	3,850	(2,725)	-	1,125	
P16	A331 hotspots	3,930	147	2,230	153	-	-	2,383	62	637	3,146	-	-	-	3,146	3,930	(1,965)	-	1,965	
P14	Town Centre Approaches	1,033	-	1,033	-	-	-	1,033	1	217	816	-	-	-	816	1,033	(700)	-	333	
P20	Bedford Wharf Landscaping	150	1	150	(1)	-	-	149	3	-	149	-	-	-	149	150	-	-	150	
P22	Ash Bridge Land acquisition	120	2	-	118	-	-	118	100	118	-	-	-	-	-	120	-	-	120	
P21	Ash Road Bridge	4,060	646	4,060	(646)	-	-	2,814	627	1,200	2,214	-	-	-	2,214	4,060	(4,060)	-	(0)	
P11	Guildford West (PB) station	500	-	500	-	-	-	500	-	500	-	-	-	-	-	500	-	-	500	
	<b>Development Financial</b>																			
ED25	Guildford Park - new MSCP and infrastructure works	6,500	1,803	3,509	253	-	-	3,762	165	300	3,462	-	-	-	3,462	6,500	-	-	6,500	
	Guildford Park - Housing for private sale		935						123	-										
ED49	Middleton Ind Est Redevelopment	9,350	255	3,649	(54)	-	-	3,595	409	3,595	5,500	-	-	-	5,500	9,350	-	-	9,350	
P12	Strategic property acquisitions	8,520	-	4,647	-	3,873	-	8,520	7,007	8,520	-	-	-	-	-	8,520	-	-	8,520	
PL9	Rebuild Crematorium	11,822	4,472	7,372	(112)	-	90	7,350	4,534	7,350	-	-	-	-	-	11,822	-	-	11,822	
ED27	North Street Development / Guild Town Centre regeneration	977	741	-	236	-	-	236	38	0	236	-	-	-	236	977	(50)	-	927	
PL29	Woodbridge Rd sportsground	1,900	2,211	-	(311)	-	-	(311)	3	(0)	-	-	-	-	-	2,211	(496)	-	1,715	
ED6	Slyfield Area Regeneration Project (SARP)	15,225	3,214	6,000	(330)	-	-	5,670	7,055	10,215	700	1,096	-	-	1,796	15,225	(135)	-	15,090	
	<b>DEVELOPMENT/INCOME GENERATING/COST REDUCTION</b>	<b>115,969</b>	<b>27,270</b>	<b>53,370</b>	<b>3,662</b>	<b>3,873</b>	<b>457</b>	<b>60,762</b>	<b>32,235</b>	<b>52,435</b>	<b>32,572</b>	<b>3,912</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>36,484</b>	<b>116,189</b>	<b>(17,067)</b>	<b>(1,615)</b>	<b>97,507</b>
	<b>APPROVED SCHEMES TOTAL</b>	<b>138,937</b>	<b>39,817</b>	<b>62,504</b>	<b>5,589</b>	<b>3,973</b>	<b>90</b>	<b>71,576</b>	<b>34,120</b>	<b>62,243</b>	<b>43,745</b>	<b>9,737</b>	<b>5,825</b>	<b>5,825</b>	<b>5,825</b>	<b>70,957</b>	<b>172,829</b>	<b>(18,366)</b>	<b>(1,615)</b>	<b>152,852</b>
	non-development projects total	22,968	12,547	9,134	1,926	100	(367)	10,814	1,884	9,808	11,173	5,825	5,825	5,825	5,825	34,473	56,640	(1,299)	0	55,345
	development/infrastructure - non-financial benefit	61,675	13,639	28,193	3,980	0	367	31,940	12,902	22,455	22,674	2,816	0	0	0	25,490	61,584	(16,385)	(1,615)	43,584
	development- financial benefit	54,294	13,631	25,177	(318)	3,873	90	28,822	19,334	29,980	9,898	1,096	0	0	0	10,994	54,605	(681)	0	53,924
	<b>TOTAL</b>	<b>138,937</b>	<b>39,817</b>	<b>62,504</b>	<b>5,589</b>	<b>3,973</b>	<b>90</b>	<b>71,576</b>	<b>34,120</b>	<b>62,243</b>	<b>43,745</b>	<b>9,737</b>	<b>5,825</b>	<b>5,825</b>	<b>5,825</b>	<b>70,957</b>	<b>172,829</b>	<b>(18,366)</b>	<b>(1,615)</b>	<b>152,852</b>



GENERAL FUND CAPITAL PROGRAMME - ESTIMATED EXPENDITURE 2019-20 to 2024-25

Ref	Directorate / Service Units Capital Schemes	Gross estimate approved by Executive (a) £000	Cumulative spend at 31-03-19 (b) £000	2019-20 Estimate approved by Council in February (c) £000	Roll	Supp	Virements	Revised estimate	Expenditure at 02.12.2019	Projected exp est by project officer	2020-21 Est for year	2021-22 Est for year	2022-23 Est for year	2023-24 Est for year	2024-25 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
					over	Ests	(d) (i)	(e)	(f)	(g)	(i)	(ii)	(iii)	(iv)	(v)	(h)	(b) to (g)=(f)	(j)	(i) - (j) = (k) £000
					£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>																			
CM1(p)	Old Manor House - replacement windows	193	-	193	-	-	193	-	-	193	-	-	-	-	-	193	193	-	193
<b>Corporate Property</b>																			
ED14(P)	Void investment property refurbishment works	170	-	170	-	-	170	-	-	170	-	-	-	-	-	170	170	-	170
ED21(P)	Methane gas monitoring system	150	-	150	-	-	150	-	-	150	-	-	-	-	-	150	150	-	150
ED22(P)	Energy efficiency compliance - Council owned properties	950	-	-	-	-	-	-	-	950	-	-	-	-	-	950	950	-	950
ED26(P)	Bridges	370	-	370	-	-	370	-	-	370	-	-	-	-	-	370	370	-	370
ED48(p)	Westfield/Moorfield rd resurfacing	3,152	-	-	-	-	-	-	-	3,152	-	-	-	-	-	3,152	3,152	-	3,152
ED53(p)	Tyng Farm Land-removal of barns and concrete hardstanding	50	-	50	-	-	50	-	50	-	-	-	-	-	-	-	-	-	50
ED56(p)	Land to the rear of 39-42 Castle Street	10	-	10	-	-	10	-	10	-	-	-	-	-	-	-	10	-	10
PL54(p)	Shawfield DC - fire alarm system and LED lighting upgrade(NO	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	-	33
BS4(p)	Hydro private wire - Tollhouse to Millmead	82	-	82	-	-	82	-	82	-	-	-	-	-	-	-	82	-	82
<b>COMMUNITY DIRECTORATE TOTAL</b>																			
		<b>5,308</b>	-	<b>1,026</b>	<b>180</b>	-	<b>1,206</b>	-	<b>207</b>	<b>4,985</b>	<b>33</b>	-	-	-	-	<b>5,018</b>	<b>5,225</b>	-	<b>5,225</b>
<b>ENVIRONMENT DIRECTORATE</b>																			
<b>Operational Services</b>																			
OP5(P)	Mill Lane (Pitbright) Flood Protection Scheme	200	-	200	-	-	200	-	200	-	-	-	-	-	-	-	200	(20)	180
OP6(P)	Vehicles, Plant & Equipment Replacement Programme	1,600	-	-	-	-	-	-	-	780	-	-	-	-	-	780	780	-	780
OP21(P)	Surface water management plan	200	-	200	-	-	200	-	200	-	-	-	-	-	-	-	200	-	200
OP22(P)	Town Centre CCTV upgrade	250	-	250	-	-	250	-	250	-	-	-	-	-	-	-	250	-	250
<b>Parks and Leisure</b>																			
PL16(P)	New burial grounds - acquisition & development	7,834	38	100	-	-	100	-	50	-	-	-	-	-	-	-	88	-	88
PL18(P)	Refurbishment / rebuild Sutherland Memorial Park Pavilion	150	-	-	-	-	-	-	-	-	-	-	150	-	-	150	150	-	150
PL39(P)	Aldershot rd allotment expansion & improvement	180	-	-	-	-	-	-	20	160	-	-	-	-	-	160	180	-	180
PL41(P)	Stoke pk office accommodation & storage buildings	665	-	-	-	-	-	-	-	665	-	-	-	-	-	665	665	-	665
PL44(p)	Sutherland memorial park all weather courts new posts and	25	-	25	-	-	25	-	-	-	-	-	-	-	-	-	-	-	-
PL45(p)	Stoke Pk gardens water feature refurb	81	-	-	-	-	-	-	81	-	-	-	-	-	-	-	81	(59)	22
PL55(p)	Sutherland Memorial Park - electrical works	39	-	39	-	-	39	-	39	-	-	-	-	-	-	-	39	-	39
PL56(p)	Stoke Park Masterplan enabling costs	500	-	100	-	-	100	-	-	100	150	100	150	-	-	500	500	-	500
PL57(p)	Parks and Countryside - repairs and renewal of paths,roads and	1,645	-	400	135	(90)	445	-	445	400	400	400	400	-	-	1,200	1,645	-	1,645
PL58(p)	Sports pavilions - replace water heaters	154	-	154	-	-	154	-	28	42	42	42	42	-	-	154	154	-	154
PL59(p)	Millmead fish pass	60	-	60	-	-	60	-	60	-	-	-	-	-	-	-	60	-	60
PL60(p)	Traveller encampments	130	-	60	-	-	60	-	-	130	-	-	-	-	-	130	130	-	130
<b>ENVIRONMENT DIRECTORATE TOTAL</b>																			
		<b>13,713</b>	<b>38</b>	<b>1,370</b>	<b>353</b>	-	<b>(90)</b>	<b>1,633</b>	-	<b>1,345</b>	<b>2,263</b>	<b>592</b>	<b>542</b>	<b>342</b>	-	<b>3,739</b>	<b>5,122</b>	<b>(79)</b>	<b>5,043</b>
<b>DEVELOPMENT/INCOME GENERATING/COST REDUCTION PROJECTS</b>																			
<b>Development / Infrastructure</b>																			
ED18(P)	Guildford Museum	16,810	-	-	-	11,800	-	-	-	16,810	-	-	-	-	-	16,810	16,810	(11,800)	5,010
	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
P10(p)	Sustainable Movement Corridor	6,045	-	-	-	-	-	-	-	-	-	6,045	-	-	-	6,045	6,045	-	6,045
P11(p)	Guildford West (PB) station	4,700	-	650	-	-	650	-	-	1,700	3,000	-	-	-	-	4,700	4,700	(3,750)	950
P14(p)	Guildford Gytratory & 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	-	-	500	-	-	-	-	-	500	500	-	500
P19(p)	Access for all Ash Station funding	250	-	250	-	-	250	-	-	-	-	-	-	-	-	-	-	-	-
P20(p)	Bedford Wharf Landscaping	350	-	350	-	-	350	-	-	350	-	-	-	-	-	350	350	-	350
P21(p)	Ash Road Bridge	18,440	-	8,440	10,000	-	18,440	-	-	18,440	-	-	-	-	-	18,440	18,440	(18,440)	-
P21(p)	Ash Road Footbridge	4,800	-	-	-	4,800	-	-	-	4,800	-	-	-	-	-	4,800	4,800	(4,800)	-
<b>Development Financial</b>																			
ED25(P)	Guildford Park new MSCP and infrastructure works	23,125	-	4,380	-	-	4,380	-	-	4,380	11,625	7,120	-	-	-	23,125	23,125	-	23,125
ED49(p)	Redevelop Midleton industrial estate	5,557	-	-	-	-	-	-	-	5,557	-	-	-	-	-	5,557	5,557	-	5,557
PL51(p)	Stoke Park - Home Farm Redevelopment	4,000	-	-	-	-	-	-	-	-	-	-	4,000	-	-	4,000	4,000	-	4,000
ED16(P)	Slyfield Area Regeneration Project (SARP) (GBC share)	59,083	-	-	-	-	-	-	-	-	17,321	41,762	-	-	-	59,083	59,083	(7,500)	51,583
ED38(P)	North Street development	29,590	-	-	-	-	-	-	-	29,590	-	-	-	-	-	29,590	29,590	-	29,590
HC4(p)	Bright Hill Development	13,500	-	180	-	-	180	-	180	500	5,000	7,000	820	-	-	13,320	13,500	-	13,500
P12(p)	Strategic property acquisitions	23,292	-	-	-	-	-	-	-	9,492	13,800	-	-	-	-	23,292	23,292	-	23,292
<b>DEVELOPMENT/INCOME GENERATING/COST REDUCTION PROJECTS TOTAL</b>																			
		<b>251,639</b>	-	<b>15,080</b>	-	-	<b>25,080</b>	-	<b>710</b>	<b>95,619</b>	<b>63,447</b>	<b>86,793</b>	<b>4,820</b>	-	-	<b>250,679</b>	<b>251,389</b>	<b>(61,290)</b>	<b>200,099</b>
<b>PROVISIONAL SCHEMES - GRAND TOTALS</b>																			
		<b>270,659</b>	<b>38</b>	<b>17,476</b>	<b>533</b>	-	<b>(90)</b>	<b>27,919</b>	-	<b>2,262</b>	<b>102,867</b>	<b>64,072</b>	<b>87,335</b>	<b>5,162</b>	<b>(90)</b>	<b>259,436</b>	<b>261,736</b>	<b>(61,369)</b>	<b>210,367</b>
	non development projects	19,021	38	2,396	533	-	(90)	2,839	-	1,552	7,248	625	542	342	-	8,757	10,347	(79)	10,268
	development/infrastructure - non-financial benefit	93,492	0	10,520	0	26,600	0	20,520	0	530	46,100	15,701	30,911	0	0	92,712	93,242	(43,790)	49,452
	development- financial benefit	158,147	0	4,560	0	0	0	4,560	0	180	49,619	47,746	55,882	4,820	0	157,967	158,147	(7,500)	150,647
	<b>TOTAL</b>	<b>270,659</b>	<b>38</b>	<b>17,476</b>	<b>533</b>	<b>26,600</b>	<b>(90)</b>	<b>27,919</b>	<b>0</b>	<b>2,262</b>	<b>102,867</b>	<b>64,072</b>	<b>87,335</b>	<b>5,162</b>	<b>0</b>	<b>259,436</b>	<b>261,736</b>	<b>(61,369)</b>	<b>210,367</b>

GENERAL FUND CAPITAL PROGRAMME - ESTIMATED EXPENDITURE 2019-20 to 2024-25

Ref	Directorate / Service Units Capital Schemes	Gross estimate approved by Executive	Cumulative spend at 31-03-19	2019-20			Revised estimate	Expenditure at 02.12.2019	Projected exp est by project officer	2020-21 Est for year	2021-22 Est for year	2022-23 Est for year	2023-24 Est for year	2024-25 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
				Estimate approved by Council in February	Rolled over	Supp Ests												
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(ii)	(iii)	(iv)	(v)	(h)	(b) to (g)=(f)	(j)	(i) - (j) = (k)		
£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	

GENERAL FUND CAPITAL PROGRAMME - S106 ESTIMATED EXPENDITURE 2019-20 to 2024-25																				
Ref	Service Units / Capital Schemes	Approved gross estimate	Cumulative spend at 31-03-19	2019-20					Expenditure at 02.12.2019	Projected exp est by project officer	2020-21 Est for year	2021-22 Est for year	2022-23 Est for year	2023-24 Est for year	2024-25 Est for year	Future years est exp	Projected expenditure total	Grants / Contributions towards cost of scheme	Net cost of scheme	Total net cost approved by Executive
				Estimate approved by Council in February	Rolled over	Virements	Revised estimate													
		(a)	(b)	(c)	(d) (i)	(d) (ii)	(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	£000	£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	-	23							35	(35)			
<b>Parks and Leisure</b>																				
S-PL8	Baird Drive/Briars Playground Refurb	10	8	-	2	-	2	0	2	-	-	-	-	-	-	10	(10)	-	-	
S-PL36	Gunpowder mills - signage, access and woodland imps	36	17	-	19	-	19	-	19	-	-	-	-	-	-	36	(36)	-	-	
S-PL38	Chantry Wood Campsite	36		36		-	36	-	36	-	-	-	-	-	-	36	(36)	-	-	
S-PL47	Fir Tree Garden	28	-	-	28	-	28	-	28	-	-	-	-	-	-	28	(28)	-	-	
S-PL54	Shalford Swift Tower (Art)	7			7	-	7	-	7							7	(7)	-	-	
S-PL55	Provision Play Area Tongham Recreation ground	36					36	36	36							36	(36)	-	-	
<b>ENVIRONMENT DIRECTORATE TOTAL</b>		<b>187</b>	<b>25</b>	<b>36</b>	<b>79</b>	<b>-</b>	<b>150</b>	<b>36</b>	<b>150</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>153</b>	<b>(153)</b>	<b>-</b>	<b>-</b>	
<b>APPROVED S106 SCHEMES TOTAL</b>		<b>187</b>	<b>25</b>	<b>36</b>	<b>79</b>	<b>-</b>	<b>150</b>	<b>36</b>	<b>150</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>887</b>	<b>(887)</b>	<b>-</b>	<b>-</b>	

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GENERAL FUND CAPITAL SCHEMES - PROJECTS FUNDED VIA RESERVES: ESTIMATED EXPENDITURE 2019-20 to 2024-25

Item No.	Projects & Sources of Funding	Approved gross estimate	Cumulative spend at 31-03-19	2019-20		Revised estimate	Expenditure at 02.12.2019	Projected exp est by project officer	2020-21 Est for year	2021-22 Est for year	2022-23 Est for year	2023-24 Est for year	2024-25 Est for year	Future years est exp	Projected expenditure total	
				Estimate approved by Council in February	Rolled over											Virements
	<b>COMMUNITY DIRECTORATE</b>															
	<u>ENERGY PROJECTS per SALIX RESERVE:(PR220)</u>			-			-	-	-					-	-	
R-EN10	LED Lighting replacement	80	49	193	-		193	-	193	-	-	-	-	-	242	
R-EN11	WRD energy reduction	70	-	70	-		70	-	70	-	-	-	-	-	70	
	<u>ENERGY PROJECTS per GBC INVEST TO SAVE RESERVE:</u>															
	<u>GBC 'Invest to Save' energy projects (to be repaid in line with savings)</u>			-	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 COMPLETE	143	100	-	-		-	10	10	-	-	-	-	-	110	
R-EN14	SMP - air source heat pump	28	-	-	28		28	1	-	28	-	-	-	28	28	
	<b>ENERGY RESERVES TOTAL</b>	<b>421</b>	<b>151</b>	<b>263</b>	<b>290</b>		<b>553</b>	<b>11</b>	<b>535</b>	<b>28</b>				<b>28</b>	<b>714</b>	
Page 169	<b>BUDGET PRESSURES RESERVE</b>															
	Future Guildford implementation team	2,600		1,000			1,000	-	1,000	1,600	-	-	-	1,600	2,600	
	<b>BUDGET PRESSURES RESERVE TOTAL</b>	<b>2,600</b>	<b>-</b>	<b>1,000</b>	<b>-</b>	<b>-</b>	<b>1,000</b>	<b>-</b>	<b>1,000</b>	<b>1,600</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,600</b>	<b>2,600</b>	
	<b>FINANCE DIRECTORATE</b>															
	<u>INFORMATION TECHNOLOGY - IT Renewals Reserve (PR265) : approved annually</u>															
	Hardware / software budget		-	527	-		527	-	527	500	500	500	-	-	1,500	2,027
R-IT1	Hardware	annual	annual	-	-		-	231	-	-	-	-	-	-	-	
R-IT2	Software	annual	annual	-	-		-	-	-	-	-	-	-	-	-	
	PAD						40									
	ICT infrastructure improvements	1,250	1,345	-	-		-	236	-	-	-	-	-	-	1,345	
R-IT3	IDOX Acolaid to Uniform	275		275			275		275		-	-	-	-	275	
R-IT4	LCTS alternative	56		6			6		6	50		-	-	50	206	
R-IT5	Future Guildford ICT	1,200		1,200			1,200		1,200		-	-	-	-	1,200	
	<b>IT RENEWALS RESERVE TOTAL</b>	<b>2,781</b>	<b>1,345</b>	<b>2,008</b>	<b>-</b>	<b>-</b>	<b>2,008</b>	<b>507</b>	<b>2,008</b>	<b>550</b>	<b>500</b>	<b>500</b>	<b>-</b>	<b>-</b>	<b>1,550</b>	<b>4,963</b>
	<b>ENVIRONMENT DIRECTORATE</b>															
	<b>SPECTRUM RESERVE</b>															
R-S14	Spectrum schemes (to be agreed with Freedom Leisure)	700	168	450	82		532	-	532	-	-	-	-	-	700	
	<b>SPECTRUM RESERVE TOTAL</b>	<b>700</b>	<b>168</b>	<b>450</b>	<b>82</b>	<b>-</b>	<b>532</b>	<b>-</b>	<b>532</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>700</b>	
	<b>CAR PARKS RESERVE</b>															
R-CP1	Car parks - install/replace pay-on-foot equipment	1,170	240	860	70		930	-	930	-	-	-	-	-	1,170	
	<u>Car Parks - Lighting &amp; Electrical improvements:</u>															
R-CP13	- Castle, Farnham & York Rd Lighting	300	-	-	300		300	-	-	-	-	-	-	-	-	
R-CP8	- Castle car park (PR000299) deck surfacing	325	144	175	6		181	107	113	-	-	-	-	-	257	
R-CP18	- Deck Millbrook car park	2,000	-	1,000	-		1,000	-	-	1,000	1,000	-	-	-	2,000	

Agenda item number: 7

GENERAL FUND CAPITAL SCHEMES - PROJECTS FUNDED VIA RESERVES: ESTIMATED EXPENDITURE 2019-20 to 2024-25

Item No.	Projects & Sources of Funding	Approved gross estimate	Cumulative spend at 31-03-19	2019-20	Rolled over	Virements	Revised estimate	Expenditure at 02.12.2019	Projected exp est by project officer	2020-21 Est for year	2021-22 Est for year	2022-23 Est for year	2023-24 Est for year	2024-25 Est for year	Future years est exp	Projected expenditure total
				Estimate approved by Council in February												
		(a) £000	(b) £000	(c) £000	(d) (i) £000	£000	£000	(e) £000	(f) £000	(i) £000	(ii) £000	(iii) £000	(iv) £000	(v) £000	(g) £000	(b)+(c)+(d)+(e)+(f)+(g)+(h)+(i)+(j)+(k)+(l)+(m)+(n)+(o)+(p)+(q)+(r)+(s)+(t)+(u)+(v)+(w)+(x)+(y)+(z)
R-CP14	Lift replacement (PR000293)	841	209	187	258		445	42	445	187	-	-	-	-	187	841
R-CP16	Bright Hill Barrier essential works (PR000425)	80	2	-	78		78	-	(0)	-	-	-	-	-	-	80
R-CP17	Leapale rd MSCP drainage (PR000433)	90	26	-	64		64	-	64	-	-	-	-	-	-	90
R-CP19	Structural works to MSCP	300	-	233	67		300	-	300	-	-	-	-	-	-	300
R-CP20	MSCP- Deck surface replacement & barriers	652		593	59		652	343	652	-	-	-	-	-	-	652
	<b>CAR PARKS RESERVE TOTAL</b>	<b>5,758</b>	<b>622</b>	<b>3,048</b>	<b>902</b>	<b>-</b>	<b>3,950</b>	<b>492</b>	<b>2,504</b>	<b>1,187</b>	<b>1,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,187</b>	<b>5,312</b>
	<b>SPA RESERVE :</b>															
	SPA schemes (various)	100	annual	-	151		151	-	151	-	-	-	-	-	-	151
R-SPA1	Chantry Woods							-	-							
R-SPA2	Effingham							-	-							
R-SPA3	Lakeside							-	-							
R-SPA4	Riverside							-	-							
R-SPA5	Parsonage							-	-							
	<b>SPA RESERVE TOTAL</b>	<b>100</b>	<b>-</b>	<b>-</b>	<b>151</b>	<b>-</b>	<b>151</b>	<b>-</b>	<b>151</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>151</b>
	<b>GRAND TOTALS</b>	<b>12,360</b>	<b>2,286</b>	<b>6,769</b>	<b>1,425</b>	<b>-</b>	<b>8,194</b>	<b>1,010</b>	<b>6,730</b>	<b>3,365</b>	<b>1,500</b>	<b>500</b>	<b>-</b>	<b>-</b>	<b>5,365</b>	<b>14,381</b>

Appendix 7  
Appendix 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 2018-19 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)

Balance as at 1 April

Add estimated usable receipts in year

Less applied re funding of capital schemes

**Balance after funding capital expenditure as at 31 March**

2018-19 Actuals £000	2019-20 Budget £000	2019-20 Est Outturn £000	2020-21 Estimate £000	2021-22 Estimate £000	2022-23 Estimate £000	2023-24 Estimate £000	2024-25 Estimate £000
0	0	40	0	0	0	0	44,080
3,039	0	1,991	0	4,000	11,200	55,067	57,093
(3,000)	0	(2,031)	0	(4,000)	(11,200)	(10,987)	(5,825)
<b>40</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>44,080</b>	<b>95,348</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

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

**Total funding required**

	2018-19 Actuals £000	2019-20 Budget £000	2019-20 Est Outturn £000	2020-21 Estimate £000	2021-22 Estimate £000	2022-23 Estimate £000	2023-24 Estimate £000	2024-25 Estimate £000
Main programme - approved	35,234	62,504	62,243	43,745	9,737	5,825	5,825	5,825
Main programme - provisional s106	15	17,476	2,262	102,867	64,072	87,335	5,162	0
Reserves	51	36	150	0	0	0	0	0
GF Housing	2,371	6,769	6,730	3,365	1,500	500	0	0
	0	0	0	0	0	0	0	0
<b>Total estimated capital expenditure</b>	<b>37,671</b>	<b>86,785</b>	<b>71,385</b>	<b>149,977</b>	<b>75,309</b>	<b>93,660</b>	<b>10,987</b>	<b>5,825</b>
<b>To be funded by:</b>								
Capital receipts ( <i>per 2.above</i> )	(6,176)	0	(2,031)	0	(4,000)	(11,200)	(10,987)	(5,825)
Contributions	(1,673)	(19,681)	(11,654)	(41,368)	(7,550)	(5,500)	0	0
<u>R.C.C.O.:</u>								
Other reserves	(2,558)	(13,749)	(15,593)	(3,585)	(1,720)	(720)	0	0
	0	0	0	0	0	0	0	0
	(10,406)	(33,430)	(29,278)	(44,953)	(13,270)	(17,420)	(10,987)	(5,825)
Balance of funding to be met from (i) the Capital Reserve, and (ii) borrowing	(27,265)	(53,355)	(42,107)	(105,024)	(62,039)	(76,240)	0	0
<b>Total funding required</b>	<b>(37,671)</b>	<b>(86,785)</b>	<b>(71,385)</b>	<b>(149,977)</b>	<b>(75,309)</b>	<b>(93,660)</b>	<b>(10,987)</b>	<b>(5,825)</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**

	2018-19 Actuals £000	2019-20 Budget £000	2019-20 Est Outturn £000	2020-21 Estimate £000	2021-22 Estimate £000	2022-23 Estimate £000	2023-24 Estimate £000	2024-25 Estimate £000
Balance as at 1 April	1,641	0	894	0	0	0	0	0
Add: General Fund Revenue Budget variations	0	0	0	0	0	0	0	0
Contribution from revenue	894	0	0	0	0	0	0	0
	2,535	0	894	0	0	0	0	0
Less: Applied re funding of capital programme	(1,641)	0	(894)	0	0	0	0	0
<b>Balance after funding capital expenditure etc.as at 31 March</b>	<b>894</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>25,624</b>	<b>53,355</b>	<b>41,214</b>	<b>105,024</b>	<b>62,039</b>	<b>76,240</b>	<b>0</b>	<b>0</b>
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## 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	2018-19 Actuals £000	2019-20 Budget £000	2019-20 Est Outturn £000	2020-21 Estimate £000	2021-22 Estimate £000	2022-23 Estimate £000	2023-24 Estimate £000	2024-25 Estimate £000
Balance as at 1 April (T01008)	12,760	6,760	9,559	0	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	(3,201)	(6,760)	(7,299)	0	0	0	0	0
	9,559	0	2,260	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>9,559</b>	<b>0</b>	<b>2,260</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))	2018-19 Actuals £000	2019-20 Budget £000	2019-20 Est Outturn £000	2020-21 Estimate £000	2021-22 Estimate £000	2022-23 Estimate £000	2023-24 Estimate £000	2024-25 Estimate £000
Balance as at 1 April (T01012)	422	0	0	0	0	0	0	0
Add: Estimated receipts in year	898	289	286	289	292	295	298	301
Less: Applied re Housing (General Fund) capital programme	(14)	(220)	(100)	(220)	(220)	(220)	(220)	(220)
Less: Applied re Housing Improvement programme	(1,306)	(69)	(186)	(69)	(72)	(75)	(78)	(81)
	0	0	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>0</b>	<b>0</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	25,624	53,355	41,214	105,024	62,039	76,240	0	0	284,516
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>53,355</b>	<b>41,214</b>	<b>105,024</b>	<b>62,039</b>	<b>76,240</b>	<b>0</b>	<b>0</b>	<b>284,516</b>

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GUILDFORD B.C. - HOUSING INVESTMENT PROGRAMME 2019-20 to 2024-25: HRA APPROVED PROGRAMME

	Project Budget £000	2018-19 Actual £000	Project Spend at 31-03-19 £000	2019-20 Estimate £000	Carry Forward	Expenditure as at 02.12.19 £000	2019-20 Projected Outturn £000	2020-21 Estimate £000	2021-22 Estimate £000	2022-23 Estimate £000	2023-24 Estimate £000	2024-25 Estimate £000	Total Project Exp £000
<b>Acquisition of Land &amp; Buildings</b>	10,700	519	920	0	2,581	327	2,581	1,800	1,800	1,800	1,800	0	10,700
<b>New Build</b>													
N30011 Guildford Park	75	0	75	0	0	123	0	0	0	0	0	0	75
N30012 Appletree pub site	3,200	2,209	2,764	338	98	713	660	0	0	0	0	0	3,424
N30013 Slyfield Green (Corporation Club)	2,448	0	2,376	0	72	61	61	0	0	0	0	0	2,437
N30014 Willow Way	1,000	179	952	0	48	1	5	0	0	0	0	0	957
Garage sites-	2,500		0	0	189			0	0	0	0	0	0
N30015 Pond Meadow		62	562	0		9	38						600
N30016 Rowan Close		4	549	0		8	51						600
N30017 Great Goodwin Drive		431	945	0		57	55						1,000
N30018 The Homestead	500	327	756	0	0	4	44	0	0	0	0	0	800
N30019 Fire Station/Ladymead	2,000	643	643	1,196	136	1,083	1,332	25	0	0	0	0	2,000
Bright Hill	500	0	0	0	500	0	0	500	0	0	0	0	500
Various small sites & feasibility/Site preparation	1,000		0	0		0	0	0	0	0	0	1,000	1,000
Pipeline projects	9,425			575		42	150	2,250	3,325	1,825	1,875	0	9,425
Redevelopment bid 13	533			533		0	0	533					533
Redevelopment bid 14	300			300		0	50	250					300
<b>Schemes to promote Home-Ownership</b>													
Equity Share Re-purchases	annual	143	annual	400		0	400	400	400	400	400	400	annual
<b>Major Repairs &amp; Improvements</b>													
Retentions & minor carry forwards	annual	0	annual	40		0	40						annual
Modern Homes - Kitchens, Bathrooms & Void refurb	annual	1,253	annual	1,050		1,084	1,346						annual
Doors and Windows	annual	256	annual	525	0	10	505						annual
Structural	annual	545	annual	400	300	105	614						annual
Energy efficiency: Central heating/Lighting	annual	1,101	annual	1,530		458	1,266						annual
General	annual	1,210	annual	1,605	776	955	2,466						annual
<b>Grants</b>													
Cash Incentive Scheme	annual	0	annual	75		0	75						annual
<b>TOTAL APPROVED SCHEMES</b>	<b>34,181</b>	<b>8,883</b>	<b>10,540</b>	<b>8,567</b>	<b>4,700</b>	<b>5,040</b>	<b>11,739</b>	<b>5,758</b>	<b>5,525</b>	<b>4,025</b>	<b>4,075</b>	<b>1,400</b>	<b>34,350</b>

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**GUILDFORD B.C. - HOUSING INVESTMENT PROGRAMME 2019-20 to 2023-24: HRA PROVISIONAL PROGRAMME**

	Project Budget £000	2018-19 Actual £000	Project Spend at 31-03-19 £000	2019-20 Estimate £000	Carry Forward	2019-20 Projected Outturn £000	2020-21 Estimate £000	2021-22 Estimate £000	2022-23 Estimate £000	2023-24 Estimate £000	2024-25 Estimate £000	Total Project Exp £000
<b>Acquisition of Land &amp; Buildings</b>	10,000	0	0	0		0	0	3,000	3,000	4,000	0	10,000
<b>New Build</b>												
Guildford Park	16,000	341	907	406	700	1,106	6,760	7,201	26	0	0	16,000
Bright Hill	3,000	0	0	0	0	0	1,500	1,500	0	0	0	3,000
Slyfield (25/26 £5m; 26/27 £44m)	1,000	0	0	0	0	0	0	0	1,000	0	0	1,000
Redevelopment bid 13	10,124						3,197	5,861	1,066	0	0	10,124
Redevelopment bid 14	3,000						1,000	1,500	500	0	0	3,000
<b>Major Repairs &amp; Improvements</b>												
Major Repairs & Improvements	annual		annual	0		0	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	0		0	75	75	75	75	75	annual
<b>Total Expenditure to be financed</b>	<b>43,124</b>	<b>341</b>	<b>907</b>	<b>406</b>	<b>700</b>	<b>1,106</b>	<b>18,032</b>	<b>24,637</b>	<b>11,167</b>	<b>9,575</b>	<b>5,575</b>	<b>43,124</b>

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STRATEGIC POOLED FUND PORTFOLIO

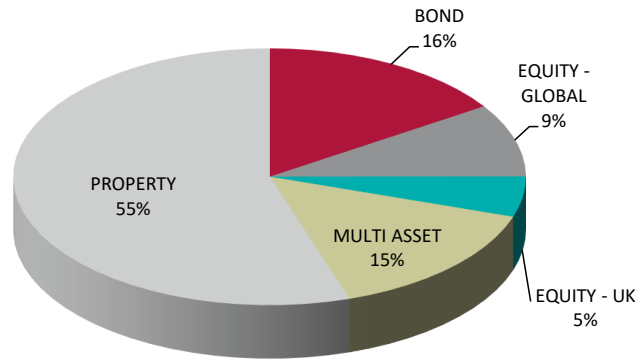
GUILDFORD

From: 31/03/2013

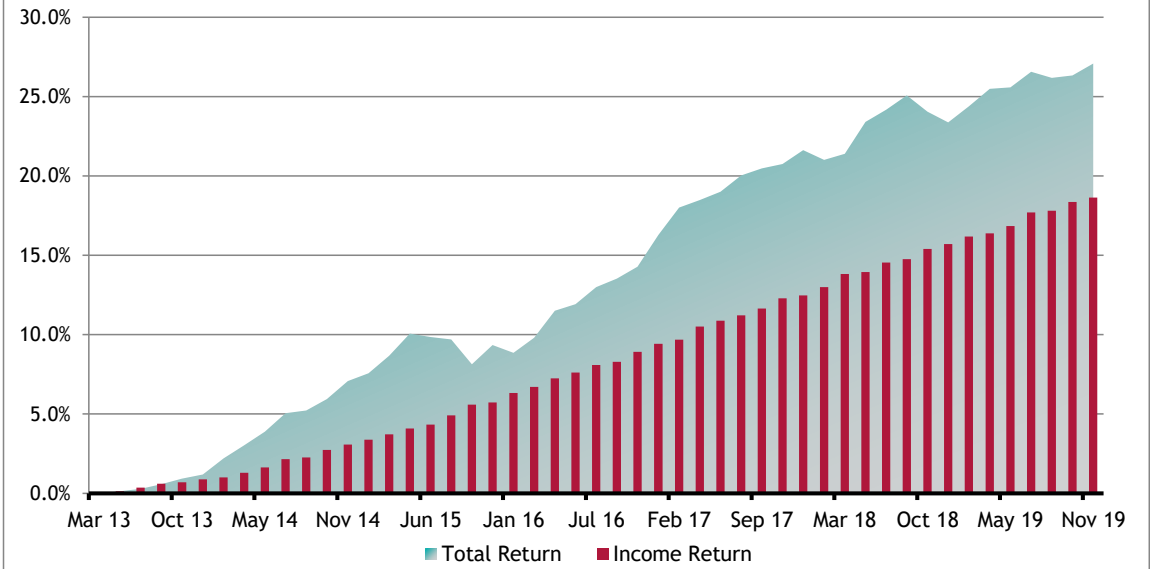
To: 30/11/2019

FUND NAME	ASSET CLASS	No of Units Held in Period	Current Value £	Capital Growth £	Dividends Earned £	Holding Period (yrs)	Capital Return	Income Return	Total Return	Volatility
ABERDEEN TARGET RETURN BOND FUND	ABSOLUTE RETURN	1,892,148	0	-170,482	105,083	4.1	-8.52%	5.25%	-3.27%	1.6%
CCLA - LAMIT PROPERTY FUND	PROPERTY	2,237,337	6,650,708	1,650,707	1,947,603	6.7	33.01%	38.95%	71.97%	3.2%
CITY FINANCIAL MULTI ASSET DIVERSIFIED FUND	MULTI ASSET	1,980,355	0	-285,485	244,158	3.8	-11.42%	9.77%	-1.65%	4.0%
FUNDAMENTUM SOCIAL HOUSING REIT	PROPERTY	2,000,000	2,000,000	0	0	0.1	0.00%	0.00%	0.00%	0.0%
M&G GLOBAL DIVIDEND FUND	EQUITY - GLOBAL	1,218,843	1,445,548	832,409	398,302	5.4	41.62%	19.92%	61.54%	11.1%
ROYAL LONDON SHORT DURATION GLOBAL HIGH YIELD BOND FUND	BOND	2,849,003	2,478,917	-21,083	60,564	0.5	-0.84%	2.42%	1.58%	0.3%
SCHRODER INCOME MAXIMISER FUND	EQUITY - UK	1,989,654	800,040	-199,960	442,947	5.8	-20.00%	44.29%	24.30%	7.9%
UBS MULTI ASSET INCOME FUND	MULTI ASSET	4,734,848	2,341,856	-158,144	434,659	4.4	-6.33%	17.39%	11.06%	3.5%
<b>GRAND TOTAL</b>			<b>15,717,069</b>	<b>1,647,963</b>	<b>3,633,317</b>	<b>4.1</b>	<b>8.45%</b>	<b>18.63%</b>	<b>27.08%</b>	<b>1.7%</b>
Capital gains and losses under one year are not annualised							<b>Annualised Returns:</b>	<b>0.69%</b>	<b>3.55%</b>	<b>4.24%</b>

Asset Class Allocation



Cumulative Return on Strategic Pooled Funds



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Corporate Governance and Standards Committee Report

Report of Chief Internal Auditor

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Date: 15 January 2020

## Summary of Internal Audit Reports - 1 April – 1 December 2019

### Recommendation

The Committee is requested to note the summary of audit reports and other associated work for the period 1 April to 1 December 2019.

#### Reason for Recommendation:

To ensure an adequate level of audit coverage.

### 1. Purpose of Report

- 1.1. To present a summary of audit work for the period 1 April to 1 December 2019.

### 2. Strategic Priorities

- 2.1. The audit of Council services supports the priority of providing efficient, cost effective and relevant quality public services that give the community value for money.

### 3. Summary of Audit Reports – 1 April to 1 December 2019

- 3.1. The summaries of the audit reports that we have carried out in the period April to 1 December 2019 are set out below. Internal Audit uses a scale to categorise the findings and audit opinion under five classifications. These are:

- **Significant Assurance:** The area under review is well controlled with no problems found
- **Significant Assurance with minor improvement opportunities:** Systems are sound with a low level of risk

- **Partial Assurance with improvements required:** Controls working but inconsistently applied and increased risk of problems occurring
- **No Assurance:** Fundamental control weaknesses and/or significant problems that need immediate action
- **No Opinion** (one-off projects): Results of on-off investigations or consultancy work on which no audit opinion is given

3.2. The classifications are included in the reports to managers and have been included here to provide the Committee with an overall conclusion on the findings of the audits. The reports are ranked in order of audit opinion.

#### 4. **NO OPINION**

4.1. The Future Guildford project has been a factor in the audit programme in the six months to the end of September. There was a major consultation process beginning in July involving 203 posts in:

- Legal Services
- ICT
- Financial Services
- Human Resources
- Asset Management
- Planning Policy
- Corporate Programmes

4.2 We have been involved in overseeing the governance processes at all stages of the transformation programme to ensure compliance with legislation, consistency of application and overall delivery. As part of the exercise, we reviewed the applications from staff for Voluntary Compulsory Redundancy (VCR) and the rationale and governance for acceptance or refusal.

4.2 At the same time work started on the new Enterprise Resource Planning system, which will replace our current financial, and HR systems. It is still in build phase but we are working with the software specialists to ensure that the proper financial, management and hierarchical controls are embedded within the systems. This work is ongoing.

4.3 Work on Phase B has already started including workshops and business process engineering with relevant teams. An internal auditor is part of the team to ensure that the appropriate controls are incorporated in any new processes.

4.4 Due to the work on Future Guildford and the number of staff involved in Phase A the timing of some of the planned audits was changed to accommodate the consultation and transition phases. Consultation has now finished and staff are being recruited into their new roles so we can now get the audit programme back on track. The following audits, which were in progress, have now been completed.

- Budget Monitoring

- Housing Benefits
- Contractor Management (Neighbourhood & Housing Management Services)
- Lettings and Void properties (NHMS)
- Payroll
- Creditors

4.4 We have already reported to Committee the audit work that we carried out across Council services in preparation for the UK to leave the EU on 31 October 2019. From the beginning of September, we have worked closely with authorities in Surrey and other agencies to highlight the major risks and put a consistent action plan in place. This has been put on hold once again as an extension has been granted but the uncertainty regarding the way forward in the medium term may mean that plans will have to be revisited.

## 5. Follow Up Reviews - Progress Report

5.1 There were a number of follow up reviews from 2018-19 which we revisited in the first half of the year and progress is shown in **Appendix 1** to this report.

## 6. Partial Assurance with improvements required

### Lettings

6.1 There is an effective process for allocating properties, which ensures that allocations are made in a robust and compliant manner. There are appropriate verification checks, authorisations and receipts where cash incentives are paid to individuals to take a property but there is no systematic control to withdraw offers as they expire. The Council relies on case officers remaining alert to expiring offers. This could result in unfair treatment between individuals and a revised monitoring process has been agreed. The process is paper based which could be made more efficient and effective with the introduction of a new software system.

### Voids

6.2 The Council's processes are designed to produce safe and compliant properties and all void works are post-inspected meaning that the Council is handing back safe properties. The Council has a voids inspector who reviews all voids to identify works required. This gives a systematic approach and ensures there is a single point of contact for queries.

6.3 However, the review identified areas for improvement. The predominant issue related to communications between the re-housing and property maintenance teams. The main form of communication is a spreadsheet held on the intranet. This spreadsheet is not reliable as it does not always contain the required information for effective and real-time monitoring of the voids process. The voids inspector does not attend re-housing meetings, which could provide an effective way to give status updates.

6.4 The Council does not have a protocol between the two teams on how to work together. This contributes to communication issues, but also results in no agreed standard for a void property. This generates additional works being requested and

potential unfairness if one void property is refurbished to a different extent than another. There is no clear definition of a “major” void meaning that there may be an inappropriate split of works between the external voids contractor and the in-house property maintenance team.

6.5 Our sample testing identified the following issues:

- Four properties were handed back before works were fully completed.
- Communication between the re-housing and property maintenance team is ineffective. The voids inspector is not always aware of ongoing works, and the re-housing team receives only limited status updates on each void property, making re-housing planning difficult.
- The Council does not have a minimum standard for void works. This leads to dispute between the re-housing and property maintenance teams as to whether a property has been fully completed, and results in additional works being performed at the request of potential tenants. This could result in unfairness between tenants as some properties may have additional features compared to others.
- The Council's void inspector is a long-term agency worker, which puts the Council at risk and is expensive.
- Boiler replacements are not controlled by the voids inspector, who is often unaware of a boiler replacement status and expected date. This can cause delays.
- The Council does not perform any root cause analysis to identify what is causing delays within the voids process.
- The Council does not have a robust system for enforcing the five-day deadline for accepting offers, meaning that some individuals might be given more time to accept an offer than others.
- No Key Performance Indicator (KPI) exists to monitor how long voids take to complete, meaning that the Council is unable to assess and monitor performance. We identified instances where the Council either lost the end-of-tenancy documentation or never obtained it, which could put the Council at risk during a dispute.

**Audit Note - The recommendations in the report have been agreed by the service manager and we will report progress to the Committee**

**7 Substantial assurance with minor Improvements**

Neighbourhood and Housing Management Services

7.1 The income collection process for rents is robustly designed. Any outstanding debt is monitored fortnightly and the Income Manager receives regular reports on tenants who are in arrears. We found the following areas of good practice:

- There are good arrangements in place for performance management and reporting on income. Every six weeks the Income Manager holds a one-to-one performance management meeting to discuss current performance.
- Details regarding collection rates and arrears are provided to the Tenant Action Group every quarter. This is collated and KPIs are reported quarterly and, in

addition, the Landlord Services Manager holds meetings with the Income Manager to review performance.

- Court costs are applied in accordance with legislation. There is an appropriate authorisation process before applying to court.
- Fortnightly debt monitoring and reporting is in place and reminder letters are sent to debtors within deadlines to ensure appropriate chasing of debt.
- There is on-going review of tenant payments with regular reporting of arrears provided to the Income Manager. These reports allow for identification of high priority cases. Additionally these reports contain information about the status of each case and last action taken.

7.2 Overall, we found the system to be well controlled; however, we identified the following areas for improvement:

- The Income Manager raises repair invoices based on the schedule sent by the repair team, however there is a lack of segregation of duties as there is no secondary review to ensure that the invoice has been raised accurately in line with the schedule. Additionally, through our sample testing of controls, we found that there is a delay in the repairs schedule being sent from the repairs team to the Income Manager which can result in invoices not being raised in a timely manner.
- Validation - an Income and Expenditure (I&E) form is completed by the applicant to assess if they are eligible for a six month rent in advance loan. The Homes 4 U Team obtain tenants' bank statements and payslips to check the reliability of the I&E forms filled by tenants, however there should be some documentary evidence to support this process.
- Consistency - Every month a report of rechargeable repairs should be sent to the Income Manager to allow for recharge invoices to be raised. From our sample testing, we noted that for two months, the schedule was not submitted to the Income Manager.

**Audit Note - The recommendations have been agreed and implemented.**

Housing Benefits

7.3 We found that there is a well-designed process for handling new housing benefit claims and change of circumstances. Our testing demonstrated that the controls are operating effectively, with no exceptions identified in the new claims or change of circumstances sampled. There are examples of good practice in the application process with a requirement for new claims to be preceded by a completed application form including a list of documentation to be provided. This introduces standardisation into the process and creates efficiency, as it is possible for a complete application to be processed first time. In addition, to provide further assurance on the accuracy of the housing benefit claims, there is a secondary assessment by a senior member of the Housing Benefit team.

7.4 We did, however, identify areas where minor improvements can be made:

- A form to standardise and automate the change of circumstance process is planned but not yet implemented.
- For private tenancies, there is no control to mitigate the risk of housing benefits being paid inappropriately by modifying bank details, whether done fraudulently or in error. There are stringent verification checks in place that reduces the risk of fraudulent payments; however, there always remains a risk of human error, which could cause reputational damage.
- The data analytics show that on average, the Council has met its 10-day target to process new housing benefit claims and change of circumstances in each month of 2019. However, this is not reported to the wider Council, meaning that performance is not being recorded or recognised, and trends are not identified.
- The reporting software utilised contains an error which causes data to be displayed as question marks in the output generated. This creates the risk of inaccurate data being distributed to the Department for Work and Pensions and should be rectified. We could not identify any process to review the accuracy of figures manually input into statistical reports.

#### Budget Monitoring

- 7.5 We reviewed the process for monitoring budgets across the Council to ensure that variances are understood, explained and monitored. The monitoring process occurs five times throughout the year at regular intervals. All variances above £20,000 should be investigated with commentary provided.
- 7.6 Budget holders meet with their designated management accountants to discuss variances to agreed budgets. These monitoring meetings ensure that overspends or other issues can be identified in a timely manner. Budget holders have access to regular reports which detail actual YTD performance against budget and forecast outturn for the year.
- 7.7 Variances are reviewed by the Principal Management Accountant to identify any exceptions or variances that are not sufficiently explained; however, this control is not formally evidenced, and the monitoring meetings are not documented so agreed actions could be overlooked. The following area for improvement was identified:
- The review carried out by the Principal Management Accountant, should also include appropriate challenge and quality assurance that all significant variances are monitored and sufficiently explained.
- 7.8 Overall, there are sufficient governance arrangements around the budget monitoring process. Performance is monitored by the Corporate Management Team (CMT) and this Committee, which provides the appropriate oversight and scrutiny.

#### Contract Management

- 7.9 Following recommendations from previous audit reviews, we looked at the current controls and performance of our contractors who carry out the mandatory gas safety inspections on our behalf. The Council is legally bound to ensure that all of

its residential properties are serviced annually by qualified gas service engineers and have a current CP12 gas safety certificate. Failure to comply with this legal obligation could result in fines of £6,000 per occurrence or in some cases imprisonment and potentially corporate manslaughter charges.

7.10 This review found that processes had continued to improve and the procedures for managing the gas contracts are appropriate. We identified the following areas of good practice:

- There are monthly performance meetings attended by contract managers and experienced engineers from the Council.
- KPIs are built into the contracts and the outcomes are reviewed at the monthly performance meetings. This includes any penalties for breaching the KPIs.
- There is a systematic data collection and reporting process.
- Performance is reported to the Tenants' Advisory Group, which is attended by the Director of Community Services, which provides timely updates on issues and ensures that contractor performance is appraised by Council management both by internal metrics and tenants' views.

7.11 We did, however, identify the following areas for further improvement:

- The Council should reconcile its housing stock to contractor listings to minimise the risk of properties excluded from the service programme.
- Improve the documentation relating to contractor underperformance.
- Although it is not legally required, the Council does install smoke or carbon monoxide alarms but there was no evidence of a monitoring or maintenance plan.

**Audit Note - The recommendations have been accepted and will be monitored and will be reported back to Committee**

**8 Governance, Corporate and Projects**

Ombudsman

8.1 It is difficult to plan for Local Government Ombudsman complaints or know how much audit will be involved. Some complaints are more complex than others and we work with the services prior to making a response to the LGO. While it may not be traditional audit work and, in some cases, they can be time consuming and can result in a mini audit. They are, however, a valuable insight into areas of emerging risk which we then build into the audit plan. The Ombudsman complaints and decisions for the period are shown below:

GBC File Ref. No.	Service	Finding
AJ-19-0001	Planning	Premature complaint
AJ-19-0002	Corporate	Closed after initial enquiries – no further action
AJ-19-0003	Planning	Closed after initial enquiries – out of jurisdiction
AJ-19-0004	Housing Benefits	Draft Decision received – no fault by the Council
AJ-19-0005	Planning	Awaiting Decision

- 8.2 The numbers of complaints to the Ombudsman from 1 April to 1 December 2019 are lower than last year when there were eight complaints for the same period.

**9. Conclusion**

- 9.1 The last six months have been a period of change as we are making greater use of our external contractor rather than relying on internal resources. It has worked well so far, and the feedback has been fairly positive. The audit focus is changing as the Council is going through a significant transformation programme and this increases the risk of degradation of systems and controls. The challenge for us is to balance the requirement for robust governance and control and helping to deliver the Council's ambitious change agenda and achieve the efficiencies and financial benefits.

**10. Financial Implications**

- 10.1 There are no financial implications.

**11 Legal Implications**

- 11.1 The Local Government Act 1972 (S151) requires that a local council "shall make arrangements for the proper administration of their financial affairs". The 1972 Act is supported by the Accounts and Audit Regulations 2011, which state, "A relevant body must undertake an adequate and effective internal audit of its accounting records and of its system of internal control in accordance with the proper practices in relation to internal control". The internal audit plan is necessary to satisfy these legal obligations.

**12 Human Resource Implications**

- 12.1 There are no Human Resource implications.

**13. Background Papers**

None

**14. Appendices**

Appendix 1: Follow Up Reviews - Progress Report 2018-19



<b>Licensing</b>			
	<b>Recommendation</b>	<b>Management response</b>	<b>Status</b>
1	<p><b>Performance Monitoring</b></p> <p>There are no formalised performance monitoring arrangements in place. The Regulatory Services Manager receives regular updates on the progress of licensing applications through monthly one-to-one meetings, but these are not formally recorded. There is currently no reporting to the Corporate Management Team. We recommended that the Council introduces performance monitoring arrangements. The Council should clearly define KPIs for application processing and debt recovery, which should be reported to the Corporate Management Team on a quarterly basis.</p>	<p><b>Agreed</b></p> <p>Performance Monitoring to be implemented with defined KPIS and reported to Director of Community Services. Regulatory Services Manager to investigate if CMT wish to receive performance monitoring report.</p> <p><b>Implementation date</b> 31 July 2019</p>	<p><b>Overdue</b></p> <p>The Council has not implemented a formalised performance monitoring procedure. The Council is still planning to implement the agreed recommendation later this year as this will be addressed corporately through Future Guildford.</p> <p><b>Due date</b> 30 December 2019</p>
2	<p><b>Licensing Team debt monitoring</b></p> <p>Licence Officers exercise judgement on when and how often to chase outstanding debt which could result in inconsistencies. In addition, we found that there were variations relating to the issue of Suspension Warning Letters and we recommend that there are clearly defined guidance notes to be followed by the Licensing Team. Licensing Officers should issue Suspension Warning Letters consistently in line with this timeline and should keep appropriate documentation of all completed debt recovery actions.</p>	<p><b>Agreed</b></p> <p>Procedure is being drafted and will be implemented.</p> <p><b>Implementation date</b> 30 April 2019</p>	<p><b>Implemented</b></p> <p>A new policy and procedure document has been drafted. It now states the timeline that must be followed for debt monitoring, for example the first warning letter is sent ten days after the debt due date. We have reviewed the new policy document that shows a clear timeline of debt chasing policy.</p>

	Recommendation	Management Response	Status
3	<p><b>Houses in Multiple Occupation inspections</b></p> <p>When junior staff carry out an inspection of Houses in Multiple Occupation (HMOs) they use a checklist to ensure that everything is covered. More experienced staff do not use the check list as they are expected to be familiar with the requirements. This gives rise to a risk that the inspections are incomplete or of varying quality and could lead to licences being granted inappropriately. We recommended that the checklist is used regardless of the level of experience of the officer. The checklist should be uploaded to Tascomi as part of the licence application records.</p>	<p><b>Agreed</b></p> <p>Procedure is being drafted and will be implemented.</p> <p><b>Implementation date</b> 30 April 2019</p>	<p><b>Overdue</b></p> <p>Staff have now been told that the checklist must be used for all HMO inspections but it has not yet been formally included in the policy.</p> <p><b>Implementation date</b> 30 December 2019</p>
4	<p><b>Record keeping</b></p> <p>There were several instances where supporting records from the licensing application process were not kept. These included:</p> <ul style="list-style-type: none"> <li>•Checklists which are completed by reception;</li> <li>•Checklists completed by the Business Support team</li> <li>•Supporting documents including a MOT certificate, an application form and a passport</li> <li>•The scorecards or checklists used for consistency in inspections by the Licensing Team or Private Property Services Team.</li> </ul> <p>This increases the risk of challenge through inconsistencies in applying our policy and application process</p>	<p><b>Agreed</b></p> <p>Monthly monitoring will be incorporated into the overarching licensing policy and spots checks will be implemented as part of performance monitoring.</p> <p><b>Implementation date</b> 31 July 2019</p>	<p><b>Overdue</b></p> <p>Monthly monitoring has not yet been incorporated into policy and spot checks are not yet being completed.</p> <p><b>Implementation date</b> 30 November 2019</p>

<b>Parking</b>			
<b>Recommendation</b>		<b>Management Response</b>	<b>Status</b>
<b>1</b>	<p><b>Review of successful appeals</b></p> <p>Parking officers are responsible for reviewing challenges to penalty charge notices (PCNs) and determining whether they should be cancelled. We found that individual judgement is exercised in determining whether a PCN should be cancelled. There is no second review of the appeals. We reviewed the cancellation rates of each enforcement officer and noted that the cancellation rates vary from 37% successful appeal rate to 61%, suggesting a subjectivity in the review process. There is a risk that cases are not assessed in a consistent way. We recommended that spot reviews of appeals are carried out, in order to ensure that appeal decision making is consistent and objective across the team.</p>	<p><b>Agreed</b></p> <p>The processing team supervisor will undertake monthly spot checks of 10 cancelled PCNs per processing team member and undertake an annual review, to identify any discrepancies and the possible reasons for these.</p>	<p><b>Implemented</b></p> <p>Since December 2018, spot checks have been carried out on a sample of PCNs to ensure consistency between which cases warrant a cancellation. The policy has also been amended to provide staff with more stringent cancellation criteria following appeals in order to reduce the variation in cancellation rates between staff. The policy now features specific criteria and evidence required for a cancellation.</p>
<b>2</b>	<p><b>Out of date policies and procedures</b></p> <p>Parking policies and procedures have not been updated since 2014 and do not have references to the more recent updates to services. There is no reference to reconciliations performed and details of standard practice where investigation is required of variances over a certain threshold. Without up to date policies in place there is a risk that staff undertaking new roles and responsibilities are not properly informed resulting in inefficiencies in the process occurring.</p>	<p><b>Agreed</b></p> <p>Following the closure of the office counter in November 2018, it is our intention to undertake a root and branch review of all our policies and procedures.</p> <p><b>Due date</b> 31 December 2019</p>	<p><b>Not yet due</b></p> <p>The Council has made good progress with this recommendation and aims to complete it by the deadline of December 2019. Around 70% of the parking policies and procedures have been updated in draft. We have reviewed two as examples of this occurring, comparing the current and previous versions for evidence of changes.</p>

	<b>Recommendation</b>	<b>Management Response</b>	<b>Status</b>
<b>3</b>	<p><b>Income discrepancies</b></p> <p>The finance team perform a reconciliation of parking meter income using figures reported by the parking team and actual cash banked. Where there are discrepancies between the two figures the finance team forward the details back to the parking team to investigate. However, we noted that discrepancies queried by the finance team are not always followed up. Failure to follow up discrepancies could result in failure to identify instances of fraud. The Council should identify a process for investigating discrepancies reported by the finance team and follow these up with respective parties (CSS or otherwise) to ensure that they are resolved.</p>	<p><b>Agreed</b></p> <p>The reconciliation discrepancy threshold of £10 was set in the early 2000s. We will redouble our efforts to ensure that all discrepancies more than £10 are reviewed, and also review whether the £10 threshold is still appropriate</p>	<p><b>Implemented</b></p> <p>Reconciliations are completed over the parking meter cash boxes in each instance that money is pooled (i.e. when the machine is filled) and additionally at the end of each month. In all reconciliations, any discrepancies above £5 are investigated.</p>
<b>4</b>	<p><b>Enacting Regulation 10 Penalty Charge Notices (PCNs)</b></p> <p>In our testing we found that these cases had been cancelled as a result of the driver of the vehicle driving away before the PCN could be issued. This is because the parking system is not set up to automatically request the vehicle owner's details from the DVLA and progress with debt chasing. The Traffic Management Act 2004 gives local authorities the power to serve PCNs by post where the driver drives away before a PCN can be issued. In the period April to September 2018 there have been 66 such instances, representing lost revenue to the Council.</p>	<p><b>Agreed</b></p> <p>This recommendation is agreed.</p> <p><b>Due Date</b></p> <p>30 April 2019</p>	<p><b>Overdue</b></p> <p>Currently this recommendation has not been implemented due to software issues and has been postponed. These issues have been identified and are being managed and the new functionality is expected to go live within the next few months.</p> <p><b>Due date</b></p> <p>The updated implementation date is now 31 December 2019.</p>

<b>Former Tenants Arrears</b>		
<b>Recommendation</b>		
<b>1</b>	<p>The testing found that in some instances there was an extended delay in issuing the first debt chasing letter. We found that this was due in the main to delays in applying the relevant housing benefit adjustments. Additionally, during testing we found that in some cases the details supporting the debt had not been documented on the Orchard system which could affect the Council's ability to collect the arrears. There is now a review process in place and there are spot checks to confirm that the processes have been followed and appropriate documentation retained.</p>	<p><b>Agreed</b> Policy and Procedure to be written to cover the FTA tracing work with Reigate &amp; Banstead.</p>
<b>2</b>	<p><b>Policies and procedures</b> The Council has recently agreed a contract with Reigate and Banstead Borough Council for tracing services for untraceable former tenants. There is currently no guidance or procedure documents on how to the Council will use and monitor the performance of this agreement and there is a risk that the Council does not have mechanisms in place to ensure they are getting value from the contract.</p>	<p><b>Agreed</b> Policy and Procedure to be written to cover the FTA tracing work with Reigate &amp; Banstead.</p>
		<p><b>Implemented</b> Immediately after the review, the policy was changed in response to the recommendation. Staff were made aware that when a monitoring officer was not available to carry out the review process it should be completed by the Rent Officer or Income Manager.</p>
		<p><b>Implemented</b> A new Policy and Procedure has now been written for the Reigate and Banstead Collection Agency agreement. As recommended, the policy includes the author, version and date of document. It also includes step-by-step guidance over contacting the debtors and the document features a template Former Tenant Referral form.</p>

<b>Payroll</b>			
	<b>Recommendation</b>	<b>Management response</b>	<b>Status</b>
<b>1</b>	<p><b>Leavers</b> We noted that there is an inconsistency in how HR are informed that a member of staff is leaving. It can be either the manager or the employee who contacts HR which can cause delays or confusion and lead to errors and overpayments. We recommended that the process for processing leavers should be the responsibility of the line manager, rather than the employee. They should complete a leavers' form with appropriate details and ensure they capture details required by HR and Payroll teams to ensure that the risk of over-payment are minimised. Leavers forms should be available on the intranet and managers should be encouraged to complete them as early as possible.</p>	<p><b>Agreed</b> Leaver process to be created with a 'leavers form' for managers to complete and send HR.</p>	<p><b>Implemented</b> A new leavers form has been designed and is being used. The form is filled out by the line manager and is forwarded onto HR. <b>Audit Note</b> <b>This issue will be resolved with the introduction of the new ERP system in 2020</b></p>
<b>2</b>	<p><b>Policies and procedures</b> We noted that there are no policies and procedures in place for processing payroll amendments and running the monthly pay-run. Though the payroll staff experienced and knowledgeable there is a risk that in periods of absence there is insufficient shared understanding of how to carry out these processes in a timely manner. Policies and procedures should be drafted and available on the intranet for easy access by payroll/HR staff and line managers. The policies should detail roles and responsibilities, make reference to other relevant policies (i.e. exit interviews for leavers) and include reference to any relevant HR/Payroll staff training.</p>	<p><b>Agreed</b> Leaver process to be created. Payroll processes to be process mapped and procedures written. These will be placed on the HR portal. <b>Implementation date</b> 31 March 2019</p>	<p><b>Overdue</b> Phase A of Future Guildford commenced in March 2019 and incorporated the Payroll and HR teams. This is a major programme of restructuring, the aim of which is to streamline processes, including those of Payroll and HR. As a part of Future Guildford a series of knowledge based articles have been designed. These are in depth guidance for employees and their line managers on actions to take in the event of a range of changes in circumstances.</p>

<b>Payroll</b>			
	<b>Recommendation</b>	<b>Management response</b>	<b>Status</b>
			We reviewed one of these articles, which appeared comprehensive. These will be available on the Council's intranet in due course. <b>Revised deadline</b> 30 June 2020
3	<p><b>Un-signed employment contracts</b></p> <p>We were unable to evidence the existence of signed employment contracts for all starters in the testing sample. In addition, we found that the contracts for some payroll amendments relating to changes in posts were not signed by the employee. Commencing work in the absence of a formal signed contract, implies that the employee has accepted the contract and from a legal standpoint, is expected to comply with the terms and conditions. However, there is a risk that without a signed contract the employee could believe that they do not have to comply with the conditions, for example, fulfilling their notice period when they decide to terminate their contract. The Payroll team should not accept the record until signed contracts are saved on the Staff site.</p>	<p><b>Agreed</b></p> <p>Electronic signatures are already accepted, contracts are issued by email and returned electronically. Payroll process for new starters will include a signed contract check before accepting the record.</p> <p><b>Implementation date</b> 31 March 2019</p>	<p><b>Implemented</b></p> <p>The importance of ensuring that employment contracts are signed has been emphasised to the HR and Payroll teams. There has been more of an emphasis placed on contracts being signed electronically, to move towards a more efficient paperless system.</p>
4	<p><b>Timely authorisation of payroll amendments</b></p> <p>During sampling we noted that formal written authorisation was not obtained prior to processing an amendment on Selima. This was for recruitment to a new post, which must be authorised by an appropriate manager. This authority was not obtained in writing until 7 days after the amendment was accepted and implemented on the payroll system. When queried we were advised that verbal authorisation was given, however there is no documentary record of this.</p>	<p><b>Agreed</b></p> <p>HR team advised not to make appointments until the formal authorisation has been received in all cases.</p> <p><b>Implementation date</b> 31 March 2019</p>	<p><b>Overdue</b></p> <p>The requirement to await formal authorisation before implementing amendments has been communicated to relevant staff. However, this requirement has not been formalised in policy. The introduction of the new ERP system will include a</p>

Payroll			
	Recommendation	Management response	Status
			<p>review of all processes and aiming to streamline these, with new policies and procedures to be implemented in due course.</p> <p><b>Revised deadline</b> 30 June 2020</p>
5	<p><b>Value for money assessment for over-time (OT) payments</b></p> <p>From our data and analytics we noted that 35% of total employees paid during the six months under review incurred overtime payments. Rates vary depending on timing on work with 1.5x and 2x base salary paid for OT on weekends and evening work. 193 staff were paid OT at increased rates in the period, with increased rate payments equivalent to more than 20% of gross salary paid for 28 staff. Total OT payments during the six month period total £430k equivalent to 4% of total gross pay. We recommend that the Council conduct a value for money assessment of overtime paid across departments, to satisfy the Council that overtime pay is the most cost effective option available.</p>	<p><b>Agreed</b></p> <p>The use of overtime across the organisation is currently being reviewed by our Business Improvement team. The Council is facing a major reorganisation of services. This Future Guildford programme, will address this issue.</p> <p><b>Implementation date</b> 31 March 2021</p>	<p><b>Audit Note</b></p> <p>This is an area, which is already being looked at as part of the Future Guildford programme and is a corporate wide review of overtime, agency staff, contractors and casual staff costs. Alternative working patterns to replace overtime are also being considered.</p>



<b>Creditors</b>			
	<b>Recommendation</b>	<b>Management response</b>	<b>Status</b>
<b>1</b>	<p><b>Review of supplier amendments</b></p> <p>When a department completes a payment requisition form (PRF) with the suppliers' bank details it is assumed that they have verified suppliers' bank details via independent verification. There is no requirement to forward the external evidence received from the supplier to the Payments team and they rely on the services to satisfy themselves as to the validity of the bank details. This creates a risk that inappropriate changes and potentially fraudulent transactions are processed. We recommend that there are monthly exception reports detailing all amendments made to supplier details and that these are reviewed and spot checked.</p>	<p><b>Agreed</b></p> <p>Corporately, all areas will be made aware that when they fill out a payment requisition, they need to attach the documentation of their checks they do to make sure bank details are correct by adapting the same method the Payments team use.</p> <p><b>Implementation date</b> Immediately</p>	<p><b>Overdue</b></p> <p>Internal departments continue to send payment requisition forms without proof of verification of any amendments in suppliers' bank details. Where there is an invoice attached, the Payments team will verify bank details, The S151 Officer will issue corporate guidance and instruction to all services to provide evidence of verification. The Payments team would then be able to reject all payment requisitions with insufficient verification.</p> <p><b>Deadline 30 December 2019</b></p>
<b>2</b>	<p><b>Maintaining policies and procedures</b></p> <p>We noted that there are no written policies and procedures in relation to the payments process. Without widely available policies and procedure notes there is a risk that staff are unaware of their roles and responsibilities, particularly when staff from various departments have a role in the process for authorising invoices and verifying changes to suppliers' bank details. This in turn may result in inefficiencies in the process and the risk that appropriate detective and preventative controls are not in place to detect instances of fraud.</p>	<p><b>Agreed</b></p> <p>Policies and procedures to be created.</p> <p><b>Implementation date</b> Immediately</p>	<p><b>Overdue</b></p> <p>Phase A of Future Guildford commenced in March 2019 and incorporated the Finance team. This is a major programme of restructuring, the aim of which is to streamline processes, including those of Finance. The payments process has been one of those subject to review, with new policies to follow.</p> <p><b>Revised deadline</b> 1April 2020</p>

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Corporate Governance and Standards Committee Report

Ward(s) affected: n/a

Report of Strategy Director

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Date: 15 January 2020

## **Corporate Governance and Standards Committee – 12 month rolling Work Programme**

### **Recommendation**

That the Committee considers and approves its updated 12 month rolling work programme, as detailed in Appendix 1 to this report.

#### Reason for recommendation:

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 scheduled to be considered by this Committee at its meetings over the next 12 months.

### **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: 12 MONTH ROLLING 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 2019-20	To adopt the Council's Annual Governance Statement 2019-20	Executive: 21 April 2020	John Armstrong 01483 444102
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	Ciaran Ward 01483 444072
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
Reviews of various corporate governance related matters.	To consider proposals from the task group in respect of reviews of various corporate governance related matters including: (a) the Councillors' Code of Conduct (and policy on acceptance/ registration of gifts and hospitality) (b) compliance with the 15 best practice recommendations contained in the report of the CSPL, Local Government Ethical Standards (c) Guidance on social media use by Councillors (d) Internal communications	Corporate Governance and Standards Committee  Council (7 April 2020)	Robert Parkin 01483 444135  John Armstrong 01483 444102
Equalities Scheme Action Plan	Annual monitoring report on the	Corporate Governance and	Lucy Richards

## CORPORATE GOVERNANCE AND STANDARDS COMMITTEE: 12 MONTH ROLLING WORK PROGRAMME

Subject	Details of decision to be taken	Decision to be taken by	Contact Officer
	implementation of the actions in the Equalities Scheme action plan approved in January 2018	Standards Committee	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

### 18 June 2020

Subject	Details of decision to be taken	Decision to be taken by	Contact Officer
Capital and Investment outturn report 2019-20	To submit any comments to the Executive when it considers this matter in June 2020.	Executive: 23 June 2020 Council: 28 July 2020	Victoria Worsfold 01483 444834
Revenue Outturn Report 2019-20	To note the Draft Statement of Accounts 2019-20, and to make any comments to officers in advance of the audit.	Executive: 23 June 2020	Claire Morris 01483 444827
Housing Revenue Account Final Accounts 2019-20	To submit any comments to the Executive when it considers this matter in June 2019.	Executive: 23 June 2020	Philip O'Dwyer 01483 444318
External Audit 2020-21 Fee Letter	To consider the planned audit fee	Corporate Governance and Standards Committee	Claire Morris 01483 444827
Internal Audit Plan 2020-21	To consider the internal audit plan for 2020-21	Corporate Governance and Standards Committee	Joan Poole 01483 444854
Review of the Councillors' Development Steering Group	To approve the numerical allocation of seats on the Steering Group to each political group for 2020-21.  To ask political group leaders to confirm the councillor membership of the Steering Group for 2020-21	Corporate Governance and Standards Committee	John Armstrong 01483 444102
Reviews of various corporate governance related matters.	To consider proposals from the task group in respect of reviews of various corporate governance related matters including: (a) the Councillors' Code of Conduct (and policy on acceptance/ registration of gifts	Corporate Governance and Standards Committee  Council (28 July 2020)	Robert Parkin 01483 444135  John Armstrong 01483 444102

## CORPORATE GOVERNANCE AND STANDARDS COMMITTEE: 12 MONTH ROLLING WORK PROGRAMME

	and hospitality) (b) compliance with the 15 best practice recommendations contained in the report of the CSPL, Local Government Ethical Standards (c) Guidance on social media use by Councillors (d) Internal communications		
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### 30 July 2020

Subject	Details of decision to be taken	Decision to be taken by	Contact Officer
2019-20 Audit Findings Report: Year ended 31 March 2020	To note the external auditor's findings and management's response in the Action Plan	Corporate Governance and Standards Committee	Claire Morris 01483 444827
2019-20 Audited Statement of Accounts	To approve the 2019-20 Statement of Accounts	Corporate Governance and Standards Committee	Claire Morris 01483 444827
Financial Monitoring 2020-21 Period 2 (April/May 2020)	To note the results of the Council's financial monitoring for the period April/May 2020	Corporate Governance and Standards Committee	Claire Morris 01483 444827
Summary of Internal Audit Reports October 2019 – March 2020	To consider the summary of internal audit reports for the period October 2019 to March 2020, including an update on complaints to the Local Government Ombudsman for that period	Corporate Governance and Standards Committee	Joan Poole 01483 444854
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 2020)	Corporate Governance and Standards Committee	Ciaran Ward 01483 444072
Reviews of various corporate governance related matters.	To consider proposals from the task group in respect of reviews of various corporate governance related matters including: (a) the Councillors' Code of Conduct (and policy on acceptance/ registration of gifts and hospitality) (b) compliance with the 15 best practice recommendations contained in the report of the CSPL, Local Government Ethical Standards (c) Guidance on social media use by	Corporate Governance and Standards Committee  Council (6 October 2020)	Robert Parkin 01483 444135  John Armstrong 01483 444102

## CORPORATE GOVERNANCE AND STANDARDS COMMITTEE: 12 MONTH ROLLING WORK PROGRAMME

	Councillors (d) Internal communications		
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### 24 September 2020

Subject	Details of decision to be taken	Decision to be taken by	Contact Officer
Financial Monitoring 2020-21 Period 4 (April to July 2020)	To note the results of the Council's financial monitoring for the period April to July 2020	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
General Data Protection Regulation (GDPR)	To consider a six monthly update on compliance with the GDPR	Corporate Governance and Standards Committee	Ciaran Ward 01483 444072
Reviews of various corporate governance related matters.	To consider proposals from the task group in respect of reviews of various corporate governance related matters including: (a) the Councillors' Code of Conduct (and policy on acceptance/ registration of gifts and hospitality) (b) compliance with the 15 best practice recommendations contained in the report of the CSPL, Local Government Ethical Standards (c) Guidance on social media use by Councillors (d) Internal communications	Corporate Governance and Standards Committee  Council (6 October 2020)	Robert Parkin 01483 444135  John Armstrong 01483 444102

### 19 November 2020



## CORPORATE GOVERNANCE AND STANDARDS COMMITTEE: 12 MONTH ROLLING WORK PROGRAMME

Subject	Details of decision to be taken	Decision to be taken by	Contact Officer
Financial Monitoring 2019-20: Period 6 (April to October 2020)	To note the results of the Council's financial monitoring for the period April to October 2020	Corporate Governance and Standards Committee	Claire Morris 01483 444827
Summary of internal audit reports (April to September 2020)	To consider the summary of internal audit reports and progress on the internal audit plan for April to September 2020, including update on complaints to the Local Government Ombudsman for that period.	Corporate Governance and Standards Committee	Joan Poole 01483 444854
Reviews of various corporate governance related matters.	To consider proposals from the task group in respect of reviews of various corporate governance related matters including: <ul style="list-style-type: none"> <li>(a) the Councillors' Code of Conduct (and policy on acceptance/ registration of gifts and hospitality)</li> <li>(b) compliance with the 15 best practice recommendations contained in the report of the CSPL, Local Government Ethical Standards</li> <li>(c) Guidance on social media use by Councillors</li> <li>(d) Internal communications</li> </ul>	Corporate Governance and Standards Committee  Council (8 December 2020)	Robert Parkin 01483 444135  John Armstrong 01483 444102

## CORPORATE GOVERNANCE AND STANDARDS COMMITTEE: 12 MONTH ROLLING WORK PROGRAMME

Subject	Details of decision to be taken	Decision to be taken by	Contact Officer
Capital and investment strategy (2021-22 to 2024-25)	To comment on various recommendations to the Executive and Council	Executive: 26 January 2021 Council: 10 February 2021	Victoria Worsfold 01483 444834
Financial Monitoring 2020-21 Period 8 (April to November 2020)	To note the results of the Council's financial monitoring for the period April to November 2020	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 2021-22	To note the Council's gender pay gap report	Corporate Governance and Standards Committee	Francesca Smith 01483 444014
Freedom of Information Compliance - Annual Report 2020	To consider the annual report for 2020 on the Council's performance in dealing with Freedom of Information requests.	Corporate Governance and Standards Committee	Ciaran Ward 01483 444072