

Guildford Borough Council

Report to: Council

Date: 8 October 2024

Ward(s) affected: 'All'

Report of Strategic Director of: Finance and Resources

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Status: Open

Key decision: No

Medium-Term Financial Plan Update

1. Executive Summary

1.1 This report provides an update on the MTFP process as set out in the July 2024 update report.

1.2 The key areas of work have been around:

- Review of reserves and balances
- Review of capital programme and new bids
- Revenue budget growth bids
- Review of funding assumptions post general election.

2. Recommendation to Council

That the Council:

2.1 Notes the progress on updating the MTFP position.

2.2 Provides comment / feedback on the report and highlights any areas of the budget for further consideration.

3. Reasons for Recommendations

3.1 The General Fund Budget is a major decision for the Council and setting a balanced budget is a statutory requirement.

3.2 Scrutiny of the MTFP and Budget proposals demonstrates transparency and good governance.

4. Status of Report

4.1 This report is 'open'.

5. Strategic Priorities

5.1 The budget underpins the Council's strategic framework and delivery of the Corporate Strategy.

6. Background

6.1 The budget and medium-term financial plan process for 2025-26 was commenced earlier this year, with the first report presented to this Overview & Scrutiny Resources Committee on 11 July 2024. This set out the work programme for the year and this report provides a brief update on the work being done over the summer.

Corporate Priorities

6.2 The revised Corporate Strategy was approved by Council on 23 July 2024.

6.3 Titled 'A Greener, Fairer, Thriving Guildford', the new Strategy has five core priorities which form the overarching focus for the Council over the next ten years.

These are:

- Priority 1: A more sustainable borough
- Priority 2: A more prosperous borough
- Priority 3: A more inclusive borough

- Priority 4: Decent and affordable homes
- Priority 5: A resilient and well-managed council

6.4 Throughout the budget process, these revised priorities will need to be taken into account. This will include both existing budget allocations and consideration of the growth bids outlined below.

Review of Reserves and Balances

6.5 Following the closure of the 2023-24 accounts, the reserves and balances have been reviewed.

6.6 The level of Council reserves is often misunderstood. Firstly, there are significant reserves held on the balance sheet which are not backed by cash. These are effectively accounting entries which prevent the fluctuations in asset values and the pension fund from hitting council budgets. These are called “non-usable reserves” on the balance sheet.

6.7 The remaining reserves are cash backed and are defined as “usable reserves”. However, again there are different categories within these. Some usable reserves are held by the Council, but their use is ringfenced either by grant agreements or legal agreements. This includes sums held for the management of the SANG and grants such as for refugees and homelessness. The Council is not able to reprioritise these reserves for other purposes.

6.8 The other usable reserves are within the remit of the Council to use to manage one-off commitments and risks. These include sums set aside to deal with renewal programmes such as car parks and ICT, and more general allocations such as the MTFP reserve. The Council needs to maintain a sufficient level of reserves to remain a “Going-concern”, which the s151 officer has to sign-off each year, effectively using or adding to reserves in a prudent way to cover the evaluated level of risks.

6.9 The usable reserves for Guildford have therefore been split between what is truly usable and those which are legally ringfenced.

	Balance at 31 March 2023	Transfers out	Transfers in	Balance at 31 March 2024
General Fund – “usable”	£'000	£'000	£'000	£'000
MTFP Reserve	(8,265)	642	(589)	(8,211)
Business Rates Equalisation	(2,931)	0	0	(2,931)
Carried Forward Items	(894)	269	(50)	(675)
Election Costs Reserve	(266)	265	(48)	(49)
Safer Guildford Partnership Reserve	(27)			(27)
Business Rates - New Burdens Ongoing	(330)			(330)
Insurance	(500)			(500)
IT Renewals	(1,894)	564	(531)	(1,861)
Spectrum	(773)	373	0	(401)
Car Parks Maintenance	(2,331)	130	(200)	(2,400)
	<u>(18,211)</u>	<u>2,243</u>	<u>(1,418)</u>	<u>(17,385)</u>
General Fund – “Legally Ringfenced”				
SPA Reserve - Effingham	(3,520)	0	(629)	(4,148)
SPA Reserve - Riverside Park	(989)	24	(120)	(1,084)
SPA Reserve - Chantry Wood	(6,284)	76	(167)	(6,375)
SPA Reserve - Lakeside	(532)	0	(47)	(579)
SPA Reserve -Parsonage Water	(2,127)	0	(124)	(2,251)
Hls Reserve	(232)	46	(40)	(226)
Salix Reserve	(315)	0	(31)	(346)
Refugee Support	(393)	191	(1,984)	(2,186)
Family Support Programme	0		(237)	(237)
G Live Sinking Fund	(130)	27	(10)	(113)
Civil Parking-Gbc/Glc Shared	2			2
	<u>(14,520)</u>	<u>364</u>	<u>(3,389)</u>	<u>(17,543)</u>
General Fund - Total	<u>(32,731)</u>	<u>2,608</u>	<u>(4,807)</u>	<u>(34,929)</u>
HRA				
Capital Programme	(37,905)	16,914	(6,608)	(27,599)
New Build	(59,377)	2,542	(1,189)	(58,024)
Total	<u>(97,282)</u>	<u>19,456</u>	<u>(7,797)</u>	<u>(85,622)</u>
Total	<u>(130,013)</u>	<u>22,064</u>	<u>(12,603)</u>	<u>(120,552)</u>

6.10 As part of the update of the capital programme, service managers have been asked to update their renewal programmes. This will provide the information needed to ensure that reserves for items

such as car park maintenance and ICT renewals are sufficient and determine additional contributions required over the MTFP period.

Capital Programme Review and new growth bids

- 6.11 The capital programme was significantly reduced last year as part of the Financial Recovery Plan.
- 6.12 The impact of the capital programme feeds through into the capital financing costs with the MTFP so the programme needs to be regularly reviewed. This includes ensuring that commitments are still required, budgets are accurate, and the timing of expenditure is correct.
- 6.13 A Strategic Capital Board has recently been established and this has been tasked with ensuring that this information is updated by the end of September.
- 6.14 As part of the MTFP process, managers have been asked for information on additional potential commitments which they would like added to the capital programme. These will need to be considered and prioritised as part of the budget process. Initial bids are summarised in the table below.

Team	Title	GF / HRA	Funding	2025/26 £000s	2026/27 £000s	2027/28 £000s	2028/29 £000s	2029/30 £000s	Total £000s
Housing Service	York Road Homeless Hub Refurbishment	HRA		4,000					4,000
Environment	Memorial Safety	GF		100					100
Commercial	Farnham road MSC	GF	Car Parks maint reserve	500					500
Assets & Property	Old Town Mill Fire Strategy Improvements	GF		164	93	2			259
Commercial	York Road MSCP – Barrier upgrades to comply with current regulations.	GF	Car Parks maint reserve	450					450
IT	IT hardware purchases	GF	IT reserve	274	566	45.5	290		1,176
Assets & Property	Investigation and Works to Underground Shelter	GF		30					30
environment	Waste Services – additional handset (mobile) requirement	GF		30					30
environment	Fleet and machinery replacement	GF		1,200					1,200
HR Services	iTrent HR and Payroll System	GF		87					87
Parks, Environment	CAPITAL repairs and renewal of paths, roads and car parks	GF		75	71	15	130	38	329
Legal Services	IKEN	GF		15					15
Assets & Property	Infrastructure renewal			96	74.5	71	15	130	387
Assets & Property	Multi-let industrial units at Lysons Enterprise Estate	GF		30	30	1500	1000		2,560
Planning/Building Control/Land Charges	Acoloid replacement Project	GF			120	250			370
Planning	Acquisition of Exacom live S106 Monitoring Information	GF		?					0
Comms and Cust Serv	Mitel replacement project	GF		229					229
Comms and Cust Serv	AI	GF		40					40
			TOTAL	7,320	955	1,884	1,435	168	11,761
			HRA	4,000	0	0	0	0	4,000
			Reserves	1,224	566	46	290	0	2,126
			Transfer Provisional to Approved	75	71	15	130	38	329
			Borrowing	2,021	318	1,823	1,015	130	5,307

Revenue Budget update

- 6.15 The General fund revenue budgets are all currently being reviewed. This incorporates the outturn position from 2023/24, the position for the first quarter of 2024/25 and inflation / contractual commitments.
- 6.16 Challenge sessions have been organised during September for each service area, where existing budgets will be reviewed in the context of the MTFP budget gap and the revised corporate plan.
- 6.17 Growth bids have also been submitted by service managers for the revenue budget. These are currently being examined and scrutinised and will need to be prioritised in view of the existing budget gap,

statutory requirements and corporate priorities. Current bids are summarised below.

one off bids	Team	Title	2025/26 £000s	2026/27 £000s	2027/28 £000s	2028/29 £000s	2029/30 £000s	Total £000s
	Environment	Memorial Safety Programme	70					
	Environment	handsets	30					
	Environment	Memorial Safety Programme	100					
	Parks, Environment	Playing Pitch and Playground Strategies	10	50				
	Housing Service	York Road Homeless Hub Refurbishment	195					
	Regeneration and Planning Policy	Local Plan update	37	219	124	144		
	IT	IT hardware purchases	7	3	7	1		
	Planning/Building Control/Land Charges	Acoloid replacement Project	110	20				
	Comms and Cust Serv	AI	40					
			599	292	131	145	0	0

On going bids	Team	Title	2025/26 £000s	2026/27 £000s	2027/28 £000s	2028/29 £000s	2029/30 £000s
	Comms and Cust Serv	Digital team growth bid	68				
	Housing Service	York Road Homeless Hub Refurbishment	180				
	Environment	Stoke Cemetery	10				
	Environment	T Loop System Maintenance	1				
	Environment	Lock up and unlock of crematorium	10				
	Environment	Servicing and Maintenance items for crematorium	14				
	Environment	Licenses/ Permits.	8	-3			
	Environment	Business Analyst and Project Portfolio Officer	65				
	Environment	additinoal staff	47				
	Parks, Environment	Stoke Park paddling pool operating budget	25	1	1	1	2
	Parks, Environment	Growth bid for grant to strategic Countryside Partnership Surrey Heathland Project	1	1			
	Parks, Environment	fulfilling the Council's legal duty to ensure the welfare of illegally fly-grazed horses and ponies	10				
	Environment	heat reflective aprons and visors and Kevlar gloves	2		1		
	Environment	Training	7				
	R&B	Encryption of Civica	21	-10			
	Finance	OPENRevenues at Rest	200				
	Finance	Finance restructure	200				
	Finance	Procurement and contract management provision	200				
	Housing Service	Housing Tenancy Fraud Shared Team	47				
	Legal Services	IKEN	10				
	Deocratic	committee system	9				
	OD	Senior Recruitment	20				
	OD	Organisational and Learning Development Corporate Provision	233				
	Planning Development and Policy	Biodiversity Net Gain	156				
	Planning	Specialist officers	130	-10	-10	-10	0
	Planning	Planning compliance officer	40				
	Planning	Acquisition of Exacom live S106 Monitoring Information	?				
	Case	training	14				
	Regulatory	The bid is to increase the number of professional qualified officers by 1.5 FTE.	91				
	Regulatory	food controls	92				
	Comms and Cust Serv	Telephony costs	187				
	Comms and Cust Serv	ICT Infrastructure Officer	52				
	Comms and Cust Serv	Mitel replacement project	40	-19			
	Housing Service	Affordable housing team	33				
	Environment	Technical assistant for fleet services	35				
			2056	-21	-9	-9	2

Housing Revenue Account (HRA) Budget

- 6.18 The HRA budget is being reviewed alongside the general fund budgets.
- 6.19 As well as reviewing the existing budget, the HRA business plan is also being updated to take into account updated commitments including new build schemes such as Guildford Park Road. The updated business plan will be available by the end of October 2024.

Funding

- 6.20 The July update paper gave an update on funding assumptions for 2025-26.
- 6.21 The new Government have raised issues around the current state of public finances so it seems unlikely that new funding will be forthcoming for district councils in the forthcoming spending review.
- 6.22 The current assumptions, that council tax increases will remain at 2.99% and grants will remain fairly static for 2025-26 therefore appear to remain reasonable at this point.

7. Options

- 7.1 Options to enable a balanced budget to be set for 2025-26 will be developed during the autumn of 2025 and will be considered by Overview & Scrutiny in due course.

8. Consultation

- 8.1 The need for consultation on budget proposals will be considered in due course.
- 8.2 Early engagement and consultation with the Trade Unions has been established for this year's budget process. The first meeting was held with Unison representatives on 9 September 2024, with the offer made of future meetings as appropriate.

9. Key Risks

9.1 The risks associated with the 2024-25 budget were set out in the Section 25 report alongside the February budget report. At present, there are no major variations from these, but they will be monitored throughout the year.

10. Legal and Governance Implications

10.1 The Council's legal duty to set a balanced budget is set out in section 31 of the Local Government Finance Act 1992, which provides that the Council must balance its expenditure with its revenue.

11. Financial Implications

11.1 All decisions made with regard to the Council's budget will impact on the resources available for provision of the Council's services.

11.2 Decisions will be needed in due course on the options to deliver a balanced budget for 2025-26.

12. Human Resources Implications

12.1 None at present but will need to be considered as budget options are developed.

13. Equality and Diversity Implications

13.1 None at present but will need to be considered as budget options are developed.

14. Climate Change and Sustainability Implications

14.1 None at present but will need to be considered as budget options are developed.

15. Background Papers

Council 7 February 2024, 23 July 2024

MTFP update – Resources O&S – 11 July 2024, 10 September 2024