

Guildford Borough Council

Report to: Executive

Date: 23 January 2025

Ward(s) affected: 'All'

Report of Strategic Director of: Finance and Resources

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Status: Open

Key decision: No

General Fund Capital Budget 2025-26 to 2028-29

1.0 Executive Summary

- 1.1 The Council has a significant capital programme which is delivering renewal and replacement of the Council's assets and enabling regeneration projects such as Ash Road Bridge and Weyside Urban Village.
- 1.2 The existing capital programme has been updated for projected timing and scale of project cashflows.

2. Recommendation to the Executive

- 2.1 To note any comments arising from the meeting of the Resources Overview and Scrutiny meeting on 21 January 2025.
- 2.2 To recommend the following to Council
(at its Budget Meeting on 5 February 2025):
 - (1) That the updated capital programme set out in Appendix 1 is approved.

(2) That the proposed treatment of the new capital bids as set out in paragraphs 6.9 to 6.16 are approved.

3. Reasons for Recommendations

3.1 The financing of the approved Capital Budget has direct implications on borrowing costs within the General Fund revenue budget and other funding sources such as Reserves and Balances.

3.2 Setting a balanced budget is a statutory requirement.

4. Status of Report

4.1 This report is 'open'.

5. Strategic Priorities

5.1 The revised Corporate Plan was approved by Council on 23 July 2024.

5.2 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

5.3 Throughout the budget process, these revised priorities have been considered. This has included both existing budget allocations and prioritisation of the growth bids received.

6. Background

6.1 The capital strategy was approved by Council in December 2024 which set out the overall strategy for the MTFP period and the prudential indicators to be adhered to in terms of affordability and financing.

- 6.2 Significant work has been done to update the existing capital budget. This has brought the existing approved schemes into a single capital programme and updated the timing, costs and financing of each project.
- 6.3 This has allowed the future borrowing requirements to be fully understood, so that the treasury management requirements can be planned and borrowing undertaken in the most efficient way.
- 6.4 Programmes of work are being agreed for areas such as vehicle replacement, ICT and Car Park maintenance so that the assets can be maintained efficiently, the procurement pipeline is understood and sufficient funding set aside in earmarked reserves to meet the costs.
- 6.5 During 2024-25, the Ash Road Bridge project is due to complete. This will mean that MRP will become payable on the project and interest can no longer be capitalised as part of the scheme. These additional costs have been allowed for in the capital financing budget.
- 6.6 The largest scheme remains the Weyside Urban Village project. The main elements of this project currently are re-locating the Thames Water Sewerage Plant and providing the infrastructure across the site. Further phases will deal with building a new Council depot, decontamination, demolition of the old Sewerage plant and Council depot, and then sale of various plots of land for housing. The scheme may also involve SCC relocating their waste disposal site to a new facility.
- 6.7 An update on the WUV project and future funding will be provided in March 2025.

Existing Capital Programme

- 6.8 Summary of the existing programme is shown below and the full programme shown in Appendix 1.

	2024-25 Revised Budget	Actuals YTD 2024-25 P9	2024-25 Forecast for year		2025-26 Est for year	2026-27 Est for year	2027-28 Est for year	2028-29 Est for year	2029-30 Est for year
TOTAL CAPITAL EXPENDITURE	167,040	40,974	128,360		111,561	28,897	35,904	41,385	28,733

FINANCED as follows :	2024-25 Revised Budget	Actuals YTD in Year 2024-25	2024-25 Forecast for year		2025-26 Est for year	2026-27 Est for year	2027-28 Est for year	2028-29 Est for year	2029-30 Est for year
	£000	£000	£000		£000	£000	£000	£000	£000
GRANTS & CONTRIBUTIONS	(20,963)	(259)	(20,813)		(750)	(600)	(600)	(600)	(600)
CAPITAL RECEIPTS & CIL S106	0	0	(6,891)		(45,774)	(26,946)	(25,406)	(54,097)	(48,329)
R.C.C.O. :									
RCCO	0	0	0		0	0	(1,002)	(1,222)	(1,322)
OTHER RESERVES	(2,324)	(21)	(1,909)		(335)	0	0	0	0
FUNDING REQUIREMENT: BORROWING	(143,753)		(98,747)		(59,732)	(1,351)	(8,896)	14,534	21,518
TOTAL	(167,040)	(281)	(128,360)		(111,561)	(28,897)	(35,904)	(41,385)	(28,733)

6.9 The main changes to the existing capital programme are as follows:-

- Timing of payments updated
- Funding sources for each scheme shown in programme
- Addition of annual budget for landlord responsibilities at The Spectrum leisure centre (funded from Spectrum Reserve)
- Addition of Cyber resilience project (funded from grant)
- Reprofile of energy efficiency works at council owned properties
- 2024-25 capital contingency budget held against risk of additional costs at Walnut Bridge.

New Capital Bids 2025-26

6.9 A total of 18 capital bids were received this year which are summarised 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

6.10 York Road homelessness hub

The proposal is for the refurbishment of 1, 3 & 5 York Road to increase capacity, provide all en-suite rooms, separate facilities for rough sleepers to meet basic needs and an office and meeting space for the outreach team.

Initial feasibility work and business case are being funded from Surrey Empty Homes monies. The business case will then need to be considered

in terms of the overall borrowing costs and running costs to the HRA if the scheme were to be progressed.

6.11 Car Park Maintenance

Priority schemes for 2025-26 are:

- York Road MSCP - Redecoration and protection of steel beams with Fire Retardant material or paint. £450k
- Farnham Road MSCP - existing barriers throughout the car park do not comply with current Regulations and British Standards. £500k

These schemes would be funded from the car parks maintenance reserve.

6.12 ICT Hardware

A planned programme of works is agreed and updated each year for the maintenance and replacement of ICT hardware. Projected needs for the next few years are:

2025-26 = £274k

2026-27 = £566k

2027-28 = £46k

2028-29 = £290k

Additionally, a bid for Mitel replacement £229k has been made. This system has not been implemented to its full potential, is an undocumented system, and contains legacy/unused configuration elements.

This bid needs to be re-evaluated in terms of value for money once the timetable for unitary councils is clear within Surrey.

6.13 Assets and Property

Old Town Mill Fire Strategy - upgrade of structural elements to achieve compliance of means of escape, surface spread of flame and fire compartmentation.

Safety issue -needs to be progressed

Underground Shelter investigation and works - An area of open space in Guildford requires investigation of what is believed to be an underground

shelter dug during WW2. Further investigation is required to open the area of ground and make safe.

Safety issue – agree (£20k already approved)

Infrastructure assets / bridges do not have a current budget allocation – proposing a £50k per annum rolling programme to be included

Lysons Industrial Estate - To replace ageing stock that has reached the end of its useful economic life with modern fit for purpose small industrial units aimed at local enterprises. The long-term redevelopment proposal will be comprehensive and require resources to secure planning consent, architects' drawings, creation of Tender documents and so forth.

Agree £60k for initial review of the potential of converting the current small units to medium sized ones which would enhance rental values. Potential £2.5m cost but subject to a full business case which would have to be self-funding.

6.14 Other areas of expenditure

Memorial safety £100k – Memorial safety project to fulfil statutory duty to test and make safe all headstones within GBC cemeteries (2) and closed churches that it is responsible for within the borough (11 sites in total).

Current reserve to be utilised first. Additional cost to be spread across several years.

IKEN - upgrade to case management system £15k

Needed due to increased staffing establishment and to update system

Vehicle replacement programme £1.2m

Full / planned replacement programme being developed. £1.2m p.a. currently proposed in programme

Parks, path maintenance

£75k per annum rolling programme proposed to deal with issues on a priority basis

6.15 Need reconsideration later in year

Acolaid replacement - system has been used by Planning Land Charges and Building Control for a number of years.

2026-27 £120k 2027-28 £250k – and £1m revenue.

£1m revenue cost plus £370k capital is unaffordable. Need to re look at options in the context of the unitary timetable once it is confirmed.

Exacom s106 monitoring – the system provides live up to date information on the monitoring of all Section 106. This includes information on receipt, allocation and spend of developer contributions and provides details of what funds are currently available and what each financial contribution can legally be spent on.

No system costs provided so can't be evaluated for 2025-26 budget process.

6.16 Bids Rejected

HR payroll system

Look for other local authority to provide the service, rather than replace a system for a short period of time.

Artificial Intelligence

Not a capitalisable cost

7.0 Options

7.1 Options have been considered on how the growth bids could be accommodated within the capital programme.

7.2 The December 2024 announcements regarding Devolution have meant that in some cases, the option to pause any decision on new expenditure has been taken. These schemes will be reconsidered once the timetable for local government reorganisation in Surrey is confirmed.

8.0 Consultation

8.1 The capital board has considered the bids submitted and contributed to the proposals set out in this report.

9.0 Key Risks

9.1 The key risks for the capital programme are construction inflation and interest rates for borrowing. Inflation risks can be mitigated by ensuring timely delivery of schemes and accurate cost estimates. Borrowing risks are managed through the treasury management strategy.

10.0 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.

11.0 Financial Implications

11.1 Decisions made regarding the Council's capital budget will impact on the capital financing requirements of the Council which have to be accommodated within the revenue budget.

11.2 Reserves and balances need to be monitored to ensure that they are sufficient to meet future needs.

12.0 Human Resources Implications

12.1 None identified.

13.0 Equality and Diversity Implications

13.1 None identified.

14.0 Climate Change and Sustainability Implications

14.1 None identified.

15.0 Background Papers

MTFP updates

Council - 23 July 2024, 8 October 2024, 3 December 2024

Resources O&S – 11 July 2024, 10 September 2024, 2 December 2024

Appendices

- 1 Updated Capital Programme