

CORPORATE GOVERNANCE AND STANDARDS COMMITTEE

29 JULY 2021

SUPPLEMENTARY INFORMATION

AGENDA ITEM 4: EXTERNAL AUDIT PLAN AND AUDIT UPDATE 2020-21

Unfortunately, Paul Cuttle, Grant Thornton's new Engagement Lead for the Council's external audit is not able to attend the meeting this evening. The chairman has therefore agreed to defer this item to the special meeting of the Committee on 26 August.

AGENDA ITEM 5: 2020-21 AUDITED STATEMENT OF ACCOUNTS

This item has been included on the agenda in error. The audited statement of accounts for 2020-21 will be presented to this Committee at its meeting on 23 September (or the fall-back date of 28 September).

AGENDA ITEM 6: CAPITAL AND INVESTMENT OUTTURN REPORT 2020-21

Corrections:

- (a) In the section on Treasury Management in the Executive Summary on page 48 of the agenda, the third sentence of the first paragraph should read:

As at 31 March 2021, the Council held £159.1 million in investments, *£310.5 million in long-term borrowing of which* £118.5 million *is* short-term borrowing, and £192 million *is* long term borrowing *(related to HRA)* so net debt of £ *151.4* million.

- (b) The second paragraph of that section (page 48) should read:

We borrowed short-term from other local authorities for cash flow purposes and aim to minimise any cost of carry on this. We did not take out any additional long-term borrowing during the year. ~~The Council had £310.9 million borrowing at 31 March 2021, of which £118.5 million was short-term borrowing for cash purposes, and the long-term borrowing relating to the HRA.~~

- (c) After the fourth paragraph of that section (page 48), the table should read:

	Estimate %	Actual %	Estimate (£000)	Actual (£000)
General fund Capital Financing Requirement (CFR)			207,109	116,524
Housing Revenue Account CFR			217,024	199,204
Total CFR			424,133	315,728
Return on investments	2.18	<i>1.05</i>	1,685	<i>2,435</i>
Interest paid on external debt			5,650	5,274
Total net interest paid			3,965	<i>2,839</i>

- (d) Substitute the following table in place of the table in Paragraph 7.1 of the report (page 52):

		31 March 2020 (£'000)	Average Rate	31 March 2021 (£'000)	Average Rate
Fixed Rate Debt	PWLB	147,665	3.22%	147,435	3.22%
	Market	0	0.00%	0	0.00%
Variable Rate Debt	PWLB	45,000	0.96%	45,000	0.48%
	Market	0	0.00%	0	0.00%
Long-term	LAs	0	0.00%	0	0.00%
Temporary borrowing	LAs	44,000	0.83%	118,500	0.51%
Total Debt		236,665	2.43%	310,935	2.00%
Fixed Investments		(66,600)	1.40%	(94,100)	1.02%
Variable Investments		(28,023)	0.82%	(47,545)	0.23%
Externally managed		(12,988)	4.17%	(17,728)	3.94%
Total Investments		(107,611)	1.56%	(159,372)	1.05%
Net Debt / (Investments)		129,054		151,563	

(e) Substitute the following table in place of the table in Paragraph 7.7 of the report (page 53):

Fund	Balance at 31 March £000	Average return	Type of fund
M&G	3,528,656	4.45%	Equity focussed
Schroders	697,631	7.04%	Equity focussed with at least 80% on FTSE all share companies
Funding Circle	504,603	6.51%	Investments in SMEs up to a max of £2,000
UBS	2,203,598	3.95%	Multi asset
RLAM	2,332,194	2.19%	Global bond fund
Fundamentum	1,970,000	0.85%	Supported housing
CCLA	6,491,179	4.81%	Property

(f) Paragraph 7.14 (page 54), should read:

“The Council also invested more in our subsidiaries and now holds £10.157 million of equity investment in Guildford Holdings Ltd and £8.418 million *of loans* in North Downs Housing Ltd.”

(g) At the end of Paragraph 8.5 (page 57) add:

“We are only looking to invest in the Borough as per our policy”.

(h) At the end of Paragraph 9.4 (page 58) add the following text to each of the three schemes which are recommended to be removed from the Capital Programme:

- P14(p) Guildford Gyrotory and Approaches (£10.967 million on the provisional programme) – *in the programme since 2016-17. The aim was to remove the gyrotory and open up the riverside to the town centre. This project will now be part of the GER project with this business case no longer applicable in its own right.*
- PL41(p) Stoke Park office accommodation (£665,000 on the provisional programme) – *in programme since 2016-17 – review of storage facilities and office accommodation. As a result of Future Guildford, the structure of the service has changed, and the requirements covered in this bid are under review.*
- PL51(p) Stoke Park – Home Farm redevelopment (£4 million on the provisional programme) – *bid put in for 2013-14 financial year for a 2015-16 main start. Was for infrastructure improvements to maximise potential funding and opportunities to maximise the attractiveness of the Park. The Stoke Park Masterplan superseded this project but did not progress. The*

original business case is therefore no longer relevant. If a scheme is to progress in future, it will need to follow the new governance process and be re-submitted for approval.

- (i) Paragraph 13.1 (page 61), should read:

“The Council reappointed Arlingclose as our treasury management advisors in March 2015. The contract is for a period of 7 years, *and will be re-tendered during 2021-22 for a new contract starting 1 April 2022.* The Council is clear what services it expects and what services Arlingclose will provide under the contract.”

- (j) Substitute the following table for the table in paragraph 2.9 of Appendix 1 to the report (page 66):

Investment details	Balance at 31-03-20 £m	Weighted Avg Return for Year	Balance at 31-03-21 £m	Weighted Avg Return for Year
Internally Managed Investments				
Fixed Investments < 1 year to cover cash flow	20.00	0.99%	57.50	0.89%
Corporate bonds	1.00	1.26%	2.00	0.17%
Long term bonds	18.10	1.06%	16.10	0.00%
Notice Accounts	8.00	0.90%	3.00	0.39%
Call Accounts	0.53	0.40%	0.33	0.07%
Money Market Funds	14.50	0.74%	39.22	0.13%
Revolving credit facility	5.00	1.26%	0.00	1.47%
Long term investments > 1 year	27.50	1.65%	18.50	1.21%
Externally Managed Funds				
Funding circle	0.53	6.35%	0.50	6.51%
CCLA	6.51	4.41%	6.49	4.81%
RLAM	2.23	2.42%	2.33	2.19%
M&G	1.13	2.54%	3.53	4.45%
Schroders	0.57	7.31%	0.70	7.04%
UBS	2.02	4.71%	2.20	3.95%
City Financials	0.00	0.00%	1.97	0.85%
Total Investments	107.61	1.03%	159.37	1.05%

- (k) Paragraph 2.15 of Appendix 1 (page 67), should read:

“The minimum long-term counterparty credit rating for ‘high quality counterparties’ approved for *2020-21* was A-/A3 across all three main credit rating agencies (Fitch, S&P, and Moody’s).”

AGENDA ITEM 7: HOUSING REVENUE ACCOUNT FINAL ACCOUNTS 2020-21

Due to the need to make a significant number of changes to the report and appendices, a revised version of the report has been uploaded to the agenda on the website. This should also appear on the Modern.Gov app.

AGENDA ITEM 8: GENERAL FUND REVENUE OUTTURN REPORT 2020-21

Due to the need to make a significant number of changes to the report and appendices, a revised version of the report has been uploaded to the agenda on the website. This should also appear on the Modern.Gov app.

AGENDA ITEM 10: CORPORATE GOVERNANCE AND STANDARDS COMMITTEE WORK PROGRAMME

Corrections:

Items for the special meeting scheduled for 26 August are now as follows:

- External Audit Plan and Audit Update 2020-21
- Financial Monitoring 2021-22 Period 3 (April/June 2021)
- KPMG: Performance reporting/KPIs summary report
- KPMG: Progress report
- Email Signature Guidance for councillors