

GUILDFORD BOROUGH COUNCIL



BOOTH MAYOR

Contact Officer:

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

31 January 2023

To the Councillors of Guildford Borough Council

You are hereby summoned to attend a meeting of the Council for the Borough of Guildford to be held in the **Council Chamber, Millmead House, Millmead, Guildford, Surrey GU2 4BB** on **WEDNESDAY 8 FEBRUARY 2023** commencing at 7.00 pm.

Tom Horwood
Joint Chief Executive of Guildford and Waverley Borough Councils

Millmead House
Millmead
Guildford
Surrey GU2 4BB

www.guildford.gov.uk

WEBCASTING NOTICE

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

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

THE COUNCIL'S STRATEGIC FRAMEWORK (2021- 2025)

Our Vision:

A green, thriving town and villages where people have the homes they need, access to quality employment, with strong and safe communities that come together to support those needing help.

Our Mission:

A trusted, efficient, innovative, and transparent Council that listens and responds quickly to the needs of our community.

Our Values:

- We will put the interests of our community first.
- We will listen to the views of residents and be open and accountable in our decision-making.
- We will deliver excellent customer service.
- We will spend money carefully and deliver good value for money services.
- We will put the environment at the heart of our actions and decisions to deliver on our commitment to the climate change emergency.
- We will support the most vulnerable members of our community as we believe that every person matters.
- We will support our local economy.
- We will work constructively with other councils, partners, businesses, and communities to achieve the best outcomes for all.
- We will ensure that our councillors and staff uphold the highest standards of conduct.

Our strategic priorities:

Homes and Jobs

- Revive Guildford town centre to unlock its full potential
- Provide and facilitate housing that people can afford
- Create employment opportunities through regeneration
- Support high quality development of strategic sites
- Support our business community and attract new inward investment
- Maximise opportunities for digital infrastructure improvements and smart places technology

Environment

- Provide leadership in our own operations by reducing carbon emissions, energy consumption and waste
- Engage with residents and businesses to encourage them to act in more environmentally sustainable ways through their waste, travel, and energy choices
- Work with partners to make travel more sustainable and reduce congestion
- Make every effort to protect and enhance our biodiversity and natural environment.

Community

- Tackling inequality in our communities
- Work with communities to support those in need
- Support the unemployed back into the workplace and facilitate opportunities for residents to enhance their skills
- Prevent homelessness and rough-sleeping in the borough

Time limits on speeches at full Council meetings:	
Public speaker:	3 minutes
Response to public speaker:	3 minutes
Questions from councillors:	3 minutes
Response to questions from councillors:	3 minutes
Proposer of a motion:	10 minutes
Seconder of a motion:	5 minutes
Other councillors speaking during the debate on a motion:	5 minutes
Proposer of a motion's right of reply at the end of the debate on the motion:	10 minutes
Proposer of an amendment:	5 minutes
Seconder of an amendment:	5 minutes
Other councillors speaking during the debate on an amendment:	5 minutes
Proposer of a motion's right of reply at the end of the debate on an amendment:	5 minutes
Proposer of an amendment's right of reply at the end of the debate on an amendment:	5 minutes

A G E N D A

1. APOLOGIES FOR ABSENCE

2. DISCLOSURES OF INTEREST

To receive and note any disclosable pecuniary interests from councillors. 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, the councillor 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 5 - 10)

To confirm the minutes of the extraordinary meeting of the Council held on 16 January 2023.

4. MAYOR'S COMMUNICATIONS

To receive any communications or announcements from the Mayor.

5. LEADER'S COMMUNICATIONS

To receive any communications or announcements from the Leader of the Council.

6. PUBLIC PARTICIPATION

To receive questions or statements from the public.

7. QUESTIONS FROM COUNCILLORS

To hear questions from councillors of which due notice has been given.

8. PAY POLICY STATEMENT 2023-24 (Pages 11 - 22)

9. CAPITAL AND INVESTMENT STRATEGY (2023-24 TO 2027-28)
(Pages 23 - 108)

10. HOUSING REVENUE ACCOUNT BUDGET 2023-24 (Pages 109 - 130)

11. GENERAL FUND BUDGET 2023-24 AND MEDIUM-TERM FINANCIAL PLAN 2024-25 TO 2026-27 (Pages 131 - 210)

12. ANNUAL REPORT OF THE CORPORATE GOVERNANCE AND STANDARDS COMMITTEE 2021-22 (Pages 211 - 226)

13. APPOINTMENT OF DEPUTY MAYOR 2023-24 (Pages 227 - 230)

14. APPOINTMENT OF JOINT INDEPENDENT REMUNERATION PANEL
(Pages 231 - 244)

15. MINUTES OF THE EXECUTIVE (Pages 245 - 258)

To receive and note the attached minutes of the meetings of the Executive held on 24 November, 12 December 2022, and 5 January 2023.

16. NOTICE OF MOTION DATED 27 JANUARY 2023: LOCAL PLAN

In accordance with Council Procedure Rule 11, Councillor Ramsey Nagaty to propose, and Councillor Catherine Young to second, the following motion:

“In reference to the question previously asked please note that KC advice has been obtained confirming that sites taken out of the Green Belt by the adoption of the Local Plan 2019 that are yet to obtain planning permission may be returned to the Green Belt without any liability being incurred by GBC. Green Belt has been removed and then re-instated by GBC in the past.

In view of the considerable developments approved to date in the villages and countryside with GBC having a 5-year housing supply, the Council

RESOLVES:

(1) That the Local Plan Panel shall commence its formal review of the Local Plan immediately.

(2) That progress with regard to such review be reported at each Full Council meeting”.

17. COMMON SEAL

To order the Common Seal to be affixed to any document to give effect to any decision taken by the Council at this meeting.

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GUILDFORD BOROUGH COUNCIL

Minutes of an extraordinary meeting of Guildford Borough Council held in the Council Chamber, Millmead House, Millmead, Guildford, Surrey GU2 4BB on Monday 16 January 2023

* The Mayor, Councillor Dennis Booth

* The Deputy Mayor, Councillor Masuk Miah

- | | |
|----------------------------------|-------------------------------|
| * Councillor Paul Abbey | * Councillor Julia McShane |
| * Councillor Tim Anderson | Councillor Ann McShee |
| * Councillor Jon Askew | * Councillor Bob McShee |
| * Councillor Christopher Barrass | * Councillor Richard Morris |
| * Councillor Joss Bigmore | * Councillor Marsha Moseley |
| * Councillor David Bilbé | * Councillor Ramsey Nagaty |
| Councillor Chris Blow | Councillor Susan Parker |
| * Councillor Ruth Brothwell | * Councillor George Potter |
| Councillor Colin Cross | Councillor Jo Randall |
| Councillor Guida Esteves | * Councillor John Redpath |
| * Councillor Graham Eyre | * Councillor Maddy Redpath |
| Councillor Andrew Gomm | * Councillor John Rigg |
| * Councillor Angela Goodwin | Councillor Tony Rooth |
| Councillor David Goodwin | * Councillor Will Salmon |
| * Councillor Angela Gunning | * Councillor Deborah Seabrook |
| * Councillor Gillian Harwood | * Councillor Pauline Searle |
| Councillor Jan Harwood | * Councillor Paul Spooner |
| * Councillor Liz Hogger | Councillor James Steel |
| * Councillor Tom Hunt | Councillor Cait Taylor |
| * Councillor Diana Jones | * Councillor James Walsh |
| * Councillor Steven Lee | * Councillor Fiona White |
| * Councillor Nigel Manning | Councillor Keith Witham |
| * Councillor Ted Mayne | * Councillor Catherine Young |

*Present

CO101 APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors Christopher Barrass, Colin Cross, Guida Esteves, Graham Eyre, Andrew Gomm, Angela Goodwin, David Goodwin, Liz Hogger, Nigel Manning, Ann McShee, Marsha Moseley, Susan Parker, John Rigg, James Steel, and Keith Witham, and also from Honorary Aldermen Catherine Cobley, Jayne Marks, Tony Phillips, and Lynda Strudwick.

CO102 DISCLOSURES OF INTEREST

There were no disclosures of interest.

CO103 MINUTES

The Council confirmed, as a correct record, the minutes of the meeting held on 6 December 2022, and the extraordinary meeting held on 3 January 2023. The Mayor signed the minutes.

CO104 MAYOR'S COMMUNICATIONS

The Mayor reminded councillors that the closing date for the submission of nominations for Mayor's Awards for service to the Community was 3 February. This was a wonderful way to

recognise those unsung heroes in our Borough who go out of their way in serving others, often with little or no appreciation.

The Mayor also reminded councillors of the forthcoming Mayor's Charity Ball and was pleased to confirm that four tables had already been sold. Anyone interested in attending should contact Kate Foxton as soon as possible.

CO105 LEADER'S COMMUNICATIONS

The Leader made the following announcements:

County-wide award recognition for Officers in Regulatory Services

Officers from the Regulatory Services team (Mike Smith and Peter Burnage) had both been nominated for a Russell Jenner Award. The awards recognised contributions to the Environmental Health profession in Surrey. Mr Smith had won the Award with Mr Burnage being placed fourth. They had also recently led their teams to success in the Purple Flag and Paw Print industry awards, bringing well-deserved recognition to a field that often went unappreciated.

Safer Guildford Partnership training

The [Safer Guildford Partnership](#) worked collaboratively to share information, identify local priorities and coordinate a planned response to the prevention of crime, disorder, anti-social behaviour, and reoffending in the borough. As identified in the Safer Guildford Partnership Plan 2021-24, the Partnership was committed to raising awareness of priority community safety issues and the support available. As a member organisation, the Partnership was happy to provide some free training opportunities around suicide, domestic abuse, terrorism awareness and fraud. Anyone interested was asked to contact Gill.Paddington@guildford.gov.uk

Matisse: drawing with scissors

Late Works 1950 -1954

Matisse: drawing with scissors, was a Hayward Gallery Touring Exhibition from the Southbank Centre. It featured 35 posthumous prints of the cut-outs produced by Henri Matisse in the last four years of his life, when confined to bed by ill health. It included many of his iconic images, such as The Snail and the Blue Nudes.

Matisse: drawing with scissors would be on display at Guildford House Gallery from 21 January - 25 March 2023. The gallery was open Tuesday to Saturday 10am to 4.30pm (last entry 4pm). Admission was free.

Banner board advertising

Councillors noted that the Strategy, Performance and Events team managed advertising sales on several banner and poster boards at prime locations across Guildford. The team was currently planning their advertising schedule for this year. This type of advertising was a great way to promote the work of community groups, and councillors were asked to communicate this within their wards.

Accessibility guidance

The Leader noted that the Council had a legal duty to ensure all documents on the Council's website were accessible. An accessibility guidance pack was currently being finalised, which showed staff how to create accessible documents.

Becoming a councillor

With the local elections being held on 4 May 2023, the Leader was keen to encourage people from all backgrounds to consider standing for election. A briefing would be held on 9 February 2023 for anyone who might be interested in becoming a councillor. It would provide an informal opportunity to find what it would entail.

The Leader confirmed, in response to an enquiry, that the Becoming a Councillor briefing would be recorded.

CO106 PUBLIC PARTICIPATION

There were no questions or statements from the public.

CO107 QUESTIONS FROM COUNCILLORS

There were no questions from councillors.

CO108 WEYSIDE URBAN VILLAGE DEVELOPMENT

Councillors noted that Weyside Urban Village ("WUV") was a major 41-hectare brownfield regeneration scheme that the Council had anticipated could deliver approximately 1,500 homes across a range of tenures, as well as 2,000 square metres of community space and 6,500 square metres of employment space.

In February 2020, the Council had committed £334.9 million to fund the site assembly and infrastructure construction to enable the development of the WUV site. It was expected that this sum would be fully recovered from the sale of ten land plots to housing developers, together with grant funding from Homes England and Enterprise M3 LEP.

Full Council approval had been based on financial modelling information which had demonstrated that the project would at least break even after undertaking activities such as securing planning consents and funding to ensure that the project would have greater or equal value to the receipts received.

Over 44% of the site was currently in Council ownership, and 100% would be achieved on completion of land transfers with Thames Water Utilities Ltd ("TWUL"). The conditional contract with TWUL had been signed on 25 April 2019 to fund and enable the relocation of the existing sewage treatment works on the Council's former landfill site freeing up the land for development.

The Council had secured £52.3m grant funding from Homes England and had signed a Grant Determination Agreement with Homes England in July 2020 to draw down the grant expenditure associated with the implementation of the infrastructure works, that were now in progress. In October 2021, the Planning Committee had issued a Resolution to Grant for the hybrid planning application for Weyside, with the decision notice to approve the application issued in March 2022.

Councillors noted that the broader economic landscape and its impact on the construction industry over the past 12 – 18 months had been profound. At the end of 2021, the Building Cost Information Service (BCIS) – which provided cost and price data for the UK construction industry – had reported that the annual growth in its material cost index reached a forty year high. Since then, pressures on supply chains had persisted and labour shortages had become more acute. Although the lifting of Covid restrictions led to a return to high activity levels, the war in Ukraine and high rates of inflation had put the construction industry in further turmoil. The impact of these issues was being felt at a local level, with forecast construction and financing costs also increasing significantly.

It had been agreed with the Executive that the project team would report the financial position to the Executive on an annual basis. The Council considered a report, which had been considered by the Executive at its meeting on 5 January 2023 and had outlined the financial

forecast to the end of the programme, as well as the proposed mitigation to address the potential financial deficit that had arisen as a result of macro-level factors.

Council noted that the Executive had endorsed the recommendations in the report.

Upon the motion of the Lead Councillor for Regeneration, Councillor John Rigg, seconded by the Leader of the Council, Councillor Julia McShane, the Council

RESOLVED: That full Council:

- (1) notes the current forecasted eventual deficit, as set out in exempt Appendix 1 to this report, in 2033 (year 10 of the project delivery programme) and resulting General Fund revenue implications, noting that this is based on a number of variables outlined within Section 4 of this report (Financial Implications); and
- (2) approves the continuation of the Weyside Urban Village project until officers have completed the required due diligence described in (a) and (b) below and report back to Full Council in July 2023:
 - (a) To request officers to provide alternative risk assessed option appraisals other than to proceed with the original Full Council approved scheme, including all possible mitigations and alterations to the current funding and specifications, indicating by use of a range of values where specific data is not available, and a full explanation of assumptions with reasons, sufficient to enable Members to make a fully informed decision on how it wishes to proceed at Full Council in July 2023.
 - (b) To request officers to update the project with the latest assumptions, indices and valuations and report back to the July 2023 Full Council.”

Reasons:

The projected deficit, and significantly wide variation and uncertainty of the outcome of this project, had rendered the project as no longer compliant with the Full Council approval to break even at zero cost to the Council, i.e. the project had greater or equal value to the receipts received. At this point, Officers did not have Full Council authority to incur any further expenditure until councillors had considered their full options and implications. However, temporarily stopping expenditure was not realistic due to contractual commitments.

The resolution above would:

- Ensure that there was sufficient understanding of the projected financial forecast of the programme.
- Ensure that there was sufficient funding in the approved programme to cover the phase 1 & 2 infrastructure costs, SCC Waste Transfer Centre design cost, construction of the new Council Depot and the payments which the Council was obliged to make to TWUL under the Thames Water Agreement for 2022/23 and 2023/24.
- Ensure that statutory service agreements and construction agreements could be entered into for the delivery of services and infrastructure for the development and to ensure that Homes England Housing Infrastructure Fund (HIF) milestones were achieved.
- Support the delivery of the Council’s Corporate Plan (2021-2025) priorities, by supporting high quality development of a strategic site, creating employment opportunities through regeneration and facilitating housing that people could afford.

CO109 COMMON SEAL

The Council

RESOLVED: That the Common Seal of the Council be affixed to any documents to give effect to any decisions taken by the Council at this meeting.

The meeting finished at 7.34 pm

Signed
Mayor

Date

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Council Report

Ward(s) affected: n/a

Report of Chief Executive (Head of Paid Service)

Author: Francesca Chapman, Lead Specialist HR

Tel: 01483 444014

Email: francesca.chapman@guildford.gov.uk

Lead Councillor responsible: George Potter

Tel: 07411 005115

Email: george.potter@guildford.gov.uk

Date: 8 February 2023

Pay Policy Statement 2023-24

Recommendation to Council

That the Pay Policy Statement for the 2023-24 financial year, attached at Appendix 1 to this report, be approved.

Reasons for Recommendation:

To comply with the Localism Act 2011 (Section 39) and associated guidance.

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

1. Purpose of Report

- 1.1 Under Section 39 of the Localism Act 2011 (“the Act”), the Council is required to consider and approve a pay policy statement for the financial year ahead. This report seeks approval for a statement covering 2023-24, which is set out in **Appendix 1**.

2. Strategic Priorities

- 2.1 The statement supports the Council’s mission and values to be efficiently run and to deliver value for money while also demonstrating that we have effective governance in place to manage pay and remuneration for all our staff.

3. Background

- 3.1 The Act includes a clear expression of the Government's desire that taxpayers can access information about how public money is spent on their behalf. It translates this into a requirement for improved transparency over both senior council officers' pay and that of the lowest paid employees. To support this, the Act requires us to publish an annual pay policy statement and Council approved the first of these statements on 9 February 2012.
- 3.2 The Act sets out specific information that we must include in our pay policy statement and also defines the process for a pay policy statement that:
- must be approved formally by Council
 - must be approved by the end of March every year for the following financial year
 - must be published on the Council's website as soon as it is approved
 - makes provision for Council to make in year amendments to the statement at any time and this function cannot be delegated.
- 3.3 The Chief Executive (who is employed by Waverley Borough Council but is shared by Guildford Borough Council) has delegated authority, in consultation with the Leader of the Council, to agree any pay award for Guildford Borough Council's staff so long as it is within the budget approved by Council.

4 Updates made to the current Pay Policy Statement

- 4.1 The Pay Policy Statement reflects the current structure in Guildford Borough Council following the creation of the shared Joint Management Team. The posts defined as senior management within the legislation are now employed by Waverley Borough Council, therefore all reference to these posts has been removed.
- 4.2 The Pay Policy Statements for Waverley and Guildford Borough Councils have been aligned where there are common aspects within the Policies. The new style of document retains the key elements required for both Councils within their Pay Policy with the additional information added in respect of each Council.
- 4.3 The relevant provisions of the statutory guidance on the making and disclosure of Special Severance Payments by local authorities in England, which was published on 12 May 2022, have been incorporated into the Pay Policy Statement.

- 4.4 We will continue to pay at the Real Living Wage for outside London, as referred to in Section 5. This will aid recruitment difficulties in attracting and retaining key staff.

5 Equality and Diversity Implications

- 5.1 The Council's duty under section 149 of the Equality Act 2010 is to have due regard to the matters set out in relation to equalities when considering and making decisions. The Pay Policy Statement is designed to bring fairness and equality to the application of pay and remuneration within the Council. There are no direct equality impacts associated with agreeing the Pay Policy Statement itself.

6. Financial Implications

- 6.1 All of the financial elements of the Pay Policy Statement are included in the 2023-24 draft budget to be considered and approved by Council separately at its meeting on 8 February 2023.

7. Legal Implications

- 7.1 The Pay Policy Statement is a requirement of Section 38 (1) of the Localism Act 2011 that sets a statutory duty on Local Authorities annually to publish a statement approved by Council by the end of the financial year and relating to the new financial year. Failure to comply could lead to a legal challenge to the Council and therefore it is important that the statement reflects the requirements of the Act and all the associated statutory guidance.
- 7.2 During 2023-24, we will continue to monitor and review all aspects of the Pay Policy Statement in the light of relevant legislation, statutory guidance, best practice and the changing landscape of pay policy in local government and the wider public sector. This will ensure that future statements continue to meet the changing business needs and future challenges facing the Council.

8. Human Resource Implications

- 8.1 The Pay Policy Statement clearly relates to human resource management issues. We have fully considered and planned for these during 2023-24. The application of this statement and its requirements will be applied to staff consistent with the Council's HR policies and procedures and the relevant legislation applicable at the time. There are therefore no additional human resource implications to publishing the Pay Policy Statement itself.

9. Conclusion

- 9.1 The Pay Policy Statement is required to comply with legislation and also supports our long-standing approach of openness and transparency about pay.
- 9.2 The Council is fulfilling its obligation by adopting and publishing the Pay Policy Statement 2023-24.

10. Background Papers

Communities and Local Government Openness and Accountability in Local Pay: Guidance under Section 40 of the Localism Act

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/5956/2091042.pdf

Communities and Local Government Openness and Accountability in Local Pay: Guidance under Section 40 of the Localism Act Supplementary Guidance

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/85886/Final_Supplementary_Pay_Accountability_Guidance_20_Feb.pdf

11. Appendices

Appendix 1: Pay Policy Statement 2023-24

Appendix 2: Pay Benefits



PAY POLICY STATEMENT FINANCIAL YEAR 2023-2024

1. Introduction

In determining pay and remuneration, the Council recognises the need to exercise the greatest care in managing scarce public resources while securing and retaining high quality employees. We believe that the principle of fair pay is important and are committed to ensuring that our salaries and payments are subject to the principles of fairness, openness and consistency and these can be tested against value for money and equal pay.

The level of remuneration is a very important factor in both recruitment and retention. We therefore need to balance affordability with creating a pay and benefits framework that ensures we can recruit, retain, motivate and develop employees who have the skills and capabilities necessary to ensure the continued provision of high-quality services.

We aim to design our pay policies and procedures to ensure that pay levels reflect the relative demands and responsibilities of posts, together with the knowledge, skills and capabilities necessary to ensure that the post's duties are undertaken to the required standard.

2. Purpose

Sections 38 to 42 of the Localism Act 2011 require that local authorities produce an annual policy statement that covers a number of matters concerning the pay of the authority's staff, in particular our approach to the pay of our senior management and our lowest paid employees, and the relationship between the two. The aim behind this Pay Policy Statement is to ensure that our approach to pay is transparent. This policy statement meets the requirements of the Localism Act in this regard and also meets the requirements of guidance issued by the Secretary of State for Housing, Communities and Local Government to which the authority is required to have regard under Section 40 of the Act.

Following approval by full Council we will publish this Pay Policy Statement on our website at <http://www.guildford.gov.uk/transparencydata> . Any subsequent amendment to this statement made during the financial year will be similarly published.

Data on pay and rewards for staff is published on our website in line with the Code of Recommended Practice for Local Authorities on Data Transparency and the Accounts and Audit Regulations 2015.

3. Decision making on pay

Our overall approach to remuneration for all employees is based on compliance with equal pay, discrimination, and other relevant employment legislation such as the Equality Act 2010, plus ensuring that our overall remuneration packages align with market norms for local government and public sectors. We also take account of pay levels in the local area, including neighbouring public sector employers and the relative cost of living in the local area, particularly housing costs.

Our pay rates and grading structure are determined locally, and a local pay negotiation process is used. Our employees have locally agreed terms and conditions of employment which are incorporated into their contracts of employment. We apply the UK real Living Wage at our minimum salary point.

All pay differentials can be justified objectively using job evaluation mechanisms that directly establish the relative levels of posts in pay bands according to the requirements, demands and responsibilities of the post.

The Council's pay policy is based on a pay and grading structure that is comprised of pay bands with a number of incremental points. An employee's pay progression will normally be one increment (pay spine column point within a band) on 1 April each year, until the top of the band is reached. Pay progression is subject to satisfactory performance and behaviours that are assessed as part of the Council's performance review process.

Depending on the Council's financial situation, we may agree a cost-of-living increase for all staff from 1 April each year. The Chief Executive in consultation with the Leader of the Council agrees the award provided that it is within the available budget. We do not pay any bonuses or non-consolidated performance contribution payments.

4. Senior Management pay structure

The Council shares a Joint Management Team with Waverley Borough Council, including a joint Chief Executive (who is also the joint Head of Paid Service for both Councils), Directors and Executive Heads of Service. The Joint Management Team is employed by Waverley Borough Council, therefore these roles are not within this Council's Pay Policy, but are within Waverley's [Senior Management Team](#). The Joint Management Team's terms and conditions of employment are determined by Waverley Borough Council. The annual pay award for the Joint Chief Executive is determined by the Joint Appointments Committee. The costs of the Joint Management Team are shared across the two councils.

Our policy is to make a payment to those management officers working within the Council who have additional responsibilities in respect of statutory roles as follows:

Deputy Monitoring Officer - £1,500 per annum
Deputy Section 151 Officer - £1,500 per annum
Data Protection Officer - £3,000 per annum

These payments will not be reduced where there is a requirement for two officers to share the responsibilities of Deputy Monitoring Officer and/or Deputy Section 151 Officer.

5. Remuneration of our lowest paid employees

We define our lowest paid employees as those paid on the lowest grade, that is Band 1, of the Council's pay and grading structure, currently starting at £20,324 per annum. We pay above the Real Living Wage (for outside London) at the bottom of our pay scale.

6. Pay relationships

This section sets out our overall approach to ensuring pay levels are fairly and appropriately dispersed across the organisation including the Council's current pay multiple. The 'pay multiple' is the ratio between the highest paid salary and the median average salary of our workforce.

The Council's current pay multiple (as at October 2022) is 1: 2.57.

We consider that the current pay multiple, as identified above, represents an appropriate, fair and equitable internal pay relationship between the highest salary and that which applies to the rest of the workforce. Our ratio is lower than in previous years, due to the most senior management posts being employed by Waverley Borough Council.

7. Remuneration on appointment and re-appointment

All newly appointed staff normally start on the lowest point in the pay range for their job evaluated post. Successful candidates may be appointed at a higher point, where it is considered that they already possess the skills and experience needed to justify a higher salary.

Any proposal to offer a new senior appointment on terms and conditions which include a total remuneration package of £100,000 or more, including salary, fees, allowances and any benefits in kind to which the officer would be entitled as a result of their employment (but excluding employer's pension contributions), will be referred to the Council for approval. This will be before any offer is made to a particular candidate.

Former employees in receipt of a LGPS pension or a redundancy payment may be re-employed by the Authority. If a former employee leaves the Authority by reason of

redundancy the individual cannot be reappointed to their former post as it will not exist. Following redundancy, the employee must have a break in local government employment of four weeks otherwise we may apply the provisions of the Redundancy Payments (Continuity of Employment in Local Government, etc.) (Modification) Order 1999 regarding the recovery of redundancy payments where appropriate.

In the event that we employ a senior manager who is already in receipt of a pension under the LGPS, the rules on abatement of pensions adopted by the Council's Administering Authority for the LGPS, pursuant to Regulations 70 and 71 of the Local Government Pension Scheme (Administration) Regulations 2008 must be applied. These currently provide that there will be no abatement of pension in these circumstances.

8. Payment upon termination of employment

Any termination or severance payment we make to any of our employees (in the interests of efficiency of the service or on grounds of redundancy) will be made in accordance with the statutory terms under the Local Government Pension Scheme (LGPS) or the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006, as applicable. Statements of policy on the exercise of discretions within the LGPS and the Discretionary Compensation Regulations do not amount to any contractual commitment to individual employees on future severance payments.

Termination payments

In accordance with the (former) Department for Communities and Local Government supplemental statutory guidance issued in February 2013 titled 'Openness and accountability in local pay: Guidance under section 40 of the Localism Act 2011' any proposal to make a termination payment of £100,000 or more will be referred to the Council for approval and will only be agreed in exceptional circumstances. In the event of such a payment being proposed, a detailed breakdown of the components (for example redundancy pay, pension, pension strain, severance payment) will be provided for councillors.

Special Severance Payment

Special Severance Payments are payments reached under a settlement agreement which are payments in lieu of notice, payment in addition to the entitlement set out in our policies on the exercise of discretions within the LGPS and the Discretionary Compensation Regulations, or the value of any employee benefits which are allowed to continue beyond the employee's agreed exit date. Special Severance payments do not include contractual redundancy pay, payment for untaken leave, pension strain costs or payments made as part of the ACAS early conciliation process. In accordance with the relevant provisions of the statutory guidance on the making and disclosure of Special Severance Payments by local authorities in England, which was published on 12 May 2022:

- any Special Severance Payment of £100,000 or more must be approved by full Council.
- for all posts below Director level payments below £100,000 must be approved by the Head of Paid Service in consultation with the Leader of the Council.
- payments made to Directors require the approval of the Employment Committee and recommendation to full Council if £100,000 or more.

9. Market rate supplements

Our job evaluation scheme does not take into account market factors such as market pay rates relating to specific jobs or fluctuating demand for skills in the marketplace. The Council recognises therefore, that there may be occasions where it is necessary to pay a market rate supplement in addition to base salary in order to recruit or retain staff.

The Market Rate Supplement Policy ensures a clear and systematic process is followed in considering the potential for a supplement and for identifying the relevant 'market rate' for any specific post, or group of posts. The policy ensures that relevant considerations are taken into account, both initially and at every subsequent two-yearly review and ensures that a consistent approach is applied across the Council with regard to:

- the circumstances in which a market rate supplement is considered,
- the monetary value of any supplement, and
- the duration of the supplement and the review period that will apply.

10. Employee benefits schemes

The Council continues to invest in high quality benefits for its employees. This includes access to an employee discount scheme offering employees the chance to purchase a range of goods and services at discounted rates from a variety of suppliers.

We provide access for all of our employees to an Employee Assistance Programme (EAP). EAPs are intended to help employees deal with personal problems that might adversely impact their work performance, health, and wellbeing.

11. Fees for election duties

Sources of funding for elections in England vary according to the type of election. The Council's Returning Officer has overall responsibility for the conduct of elections and is appointed under the Representation of the People Act 1983. The Ministry of Justice, who set the fees to be paid to the Returning Officer, provides the costs of running UK Parliamentary general elections. Elections fees are paid for these additional duties, and they are paid separately to salary.

The costs of parish, borough and county elections are met through local authority budgets and vary according to the size of the electorate and number of postal voters. A scale of fees for Returning Officers, polling station and count staff is set annually in line with the Surrey wide scheme.

12. Review and policy amendment

We will review the statement annually and approve a new version of the policy before the start of each subsequent financial year. If we choose, or need, to amend the statement during the course of any financial year, this will be by resolution of the Council.

Pay benefits		
Lump Sum Allowance	Band 10	£1930 pa without lease car, £552 pa with lease car
Lease cars contribution	Band 10	£4846 pa
	Band 9	£3519 pa
	Mileage over 2500 pa	£2949pa to £3516 pa
Car Allowances	All staff undertaking business mileage within their role	NJC Essential User Allowance and mileage or NJC Casual User mileage allowance
Private medical insurance	Band 6 and above	Taxable benefit value £660
Professional subscriptions	Band 6 and above	One appropriate annual subscription paid
Deputy Section 151 Officer	Lead Specialist Finance	£1500 pa
Deputy Monitoring Officer	<ul style="list-style-type: none"> • Senior Specialist Legal • Democratic Services & Elections Manager (2 posts)	£1,500 pa each
Data Protection Officer	Information Governance Officer	£3,000 pa
Evening Meeting Allowance	Staff attending Council/ Committee meetings up to and including Band 9	£46.38 per meeting plus £13.25 if continues beyond 9.30 pm.
Long Service Awards	All staff	£250 payment awarded on completion of 25 years' service with GBC
First Aid Allowance	Designated staff	£211.20 pa
Boot Allowance	Patrol staff	£178.04 pa
Early Start Payment	All staff with before 7 am start	£2.61 per day
Call Out and Standby payments	All staff participating in on call, out of hours and standby schemes	Payments vary on an hourly, weekly or session-based payment and arrangements for call out working time payments.
Local Government Pension Scheme contribution	Staff contribute between 5.5 and 12.5 % dependent on salary level	Council contributes 17.2%, this level is set by the Surrey Pension Fund at triennial review.

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Council Report

Ward(s) affected: All

Report of s151 officer

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Date: 8 February 2023

Capital and Investment Strategy 2023-24 – 2027-28

Executive Summary

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. The strategy also details how associated risks are 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, any new bids/mandates submitted for approval, plus the requirements of the Prudential Code and the investment strategy covering treasury management investments, service investments and commercial investments. The report also covers the requirements of the Treasury Management Code and the prevailing DLUHC 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.

Capital expenditure is split into the General Fund (GF) and Housing Revenue Account (HRA).

All projects, regardless of the fund, will be funded by capital receipts, grants & contributions, reserves and finally borrowing. When preparing the budget reports, we do not always know how each scheme will be funded and, in the case of regeneration projects, what the delivery model will be. This report shows a high-level position. The business case for each individual project will set out the detailed the funding arrangements for the project.

Some capital receipts or revenue income streams may arise as a result of regeneration schemes, but in most cases are currently uncertain and it is too early at this stage to make assumptions. It is likely there are cash-flow implications of the development schemes, where income will come in after the five-year time horizon of the report and the expenditure will be incurred earlier in the programme.

To ensure the Council demonstrates that its capital expenditure plans are affordable, sustainable and prudent, we set Prudential Indicators.

General Fund

The Council has an underlying need to borrow for the GF capital programme of £286 million between 2022-23 to 2027-28.

Officers have put forward bids, with a net cost over the same period of £10 million, increasing this underlying need to borrow to £296 million should these proposals be approved for inclusion in the programme.

The capital programme includes several significant regeneration schemes, which we have assumed will be financed from GF resources. Detailed funding proposals for each scheme will be considered when the Outline Business Case for each scheme is presented to the Executive for approval.

The main areas of expenditure (shown gross) are:

- £274 million Weyside Urban Village (WUV)
- £62 million strategic property purchases
- £32 million North Downs Housing (NDH)
- £28 million Ash Road bridge and footbridge

Appendix 2 contains a summary of the new bids submitted. Appendices 3 to 9 show the position and profiling of the current programme (2022-23 to 2027-28)

Upon reviewing the current capital programme, it has been identified that there is a separate scheme for the bus station which this cost has also been included in the SGF scheme, and therefore can be removed from the capital programme.

HRA

The HRA capital programme is split between expenditure on existing stock and either development of or purchase of dwellings to add to the stock. The council has in place a robust stock condition review process which provides 100% stock data over a rolling 5-year programme, which allows for effective assessment against Regulatory and legislative standards. In addition to which, the recently updated Fire Risk Assessments, allow us to plan the current and future programme to ensure compliance with the new building safety legislation and standards. This in turn is complimented by the new compliance framework that has been rolled out over the last year which provides enhanced and improved levels of assurance and up to date

information and requirements to meet the requirements of other key areas of compliance including asbestos, legionella, lifts and gas.

Improved building safety standards across social housing has resulted in a national drive to improve standards and safety, Guildford has responded to the recent and forthcoming changes in requirements with an extensive improvement programme. The first year of the programme required an investment at levels not previously seen in Guildford with £24.5 million invested in 2022-23, and a further £20 million planned for 2023-24 after which the extensive programme of building safety improvement will be completed and investment level will return to levels as previous seen. The capital programme will be funded from HRA capital receipts and reserves. There is also £145 million between 2022-23 and 2027-28 million included for development projects to build or acquire new housing (including WUV).

The main areas of major repairs and improvement expenditure are:

- refurbishment, replacement & renewal programme of existing stock, £11 million, which includes kitchen & bathroom upgrades, void property refurbishment and roof works
- works to existing stock to comply with changes to standards and legislation, £9 million, including replacement fire doors, electrical testing and fire protection works
- mechanical and electrical works £2 million, including central heating systems
- other works of £1.9 million including damp prevention works

The main development projects include:

- Guildford Park Car Park £38.9 million
- WUV £49 million
- Foxburrows £10 million

Paragraph 4.13 contains a summary of the new bids submitted. Appendices 2 and 3 show the position and profiling of the current programme (2022-23 to 2027-28)

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 (detailed in Appendix 1 to this report) and in accordance with the approved treasury management practices.

The budget for investment income for 2023-24 is £3.5 million, based on an average investment portfolio of £75 million, at a weighted average rate of 3.56%. The budget for debt interest paid is £8.2 million, of which £4.8 million relates to the HRA and £600,000 short term loans. WUV interest of £2.8 million is being capitalised and added to the cost of the scheme.

Service and Commercial investments

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 earning a return is the primary purpose).

Investment property is valued at £174 million, as per the 2021-22 unaudited Statement of Accounts, with rent receipts of £8.2 million

The Council has invested £25.3 million in our housing company – North Downs Housing Ltd (NDH). This is via 40% equity to Guildford Borough Council Holdings Ltd (£10.1 million) (who in turn pass the equity to NDH), and 60% loan direct to NDH (£15.3 million) at a rate of 5%. The loan is a repayment loan in line with the NDH business plan.

This report also includes the Council's Minimum Revenue Provision (MRP) policy and the Prudential Indicators. Section 5 of the report

Due to the specialised nature of treasury management and capital finance, there is a glossary of terms at Appendix 9.

Flexible use of capital receipts policy

The updated flexible use of capital receipts policy can be found in Appendix 8. This policy, if approved at Council, allows us to use any capital receipts received in year to be used to fund any service transformation costs incurred in the same year. Officers are recommending this policy be approved to allow us the flexibility to fund transformation costs if appropriate.

This report has also been considered by the Corporate Governance and Standards Committee at its meeting held on 19 January 2023, and by the Joint Executive Advisory Board at its meeting on 24 January 2023. The comments from both these meetings are summarised in sections 16 and 17 of this report respectively.

At its meeting on 26 January 2022, the Executive also considered this report and endorsed the recommendation to Council set out below. The Executive also resolved:

Subject to Council approving the budget on 8 February 2023:

- (1) That the £500,000 allocated in respect of the Bus Station relocation scheme (Scheme no. P17 (p)) be removed from the provisional capital programme.
- (2) That the new bids, as shown in paragraph 4.13 of this report be approved for inclusion in the capital programme as indicated.

Recommendation to Council

- (1) That the General Fund and HRA capital estimates, as shown in appendices 2 and 3, as amended to include such bids as may be approved by the Executive at its meeting on 26 January 2023, 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 in Appendix 1.
- (4) That the updated flexible use of capital receipts policy at Appendix 8 be approved.

Reasons for Recommendation:

- To enable the Council to approve the capital and investment strategy for 2023-24 to 2027-28
- To enable the Council, at its budget meeting on 8 February 2023, to approve the funding required for the new capital schemes proposed

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

1. Purpose of Report

- 1.1 The Local Government Finance Act 2003 require local authorities to have regard to the CIPFA Treasury Management Code of Practice (“TM Code”), and specifically the CIPFA Prudential Code when determining how much it can afford to borrow, and to regulate treasury activities. The requirement to report in accordance with the TM code, and the prevailing DLUHC Investment Guidance is incorporated within this report and appendices.
- 1.2 The Council must have an approved investment strategy, comprising both treasury and non-treasury investments (including service and commercial investments). The implications associated with that are detailed in this capital and investment strategy.
- 1.3 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 and is, therefore, the foundation of long-term capital planning.
- 1.4 Decisions made this year on capital expenditure and treasury management activity will have financial consequences for the Council for many years to come. They are, therefore, subject to both a national regulatory framework and to local policy framework, which is discussed through the report and the appendices.

- 1.5 This report invites the Council to consider the capital programmes, and the new schemes the Council may wish or need to undertake in the next five years.
- 1.6 For the General Fund (GF), the Council must put aside revenue resources where the Council finances capital expenditure by debt (internal or external), to repay that debt in later years, as debt is only a temporary source of borrowing. 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). MRP is essentially the equivalent of repaying the principal loan amount within a mortgage (as opposed to the interest). The annual MRP statement and policy is included in section 5 of this report.
- 1.7 CIPFA also recommends adhering to the UK Money Markets Code to its members as good practice.

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.
- 2.3 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 require local authorities to have regard to the CIPFA Treasury Management Code of Practice ("TM Code"), and specifically the CIPFA 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 reporting framework, that
 - capital expenditure and investment plans are affordable and proportionate
 - all external borrowing and other long-term liabilities are within prudent and sustainable levels

- the risks associated with investments for commercial purposes are proportionate to the financial capacity and
 - treasury management decisions are taken in accordance with good professional practice.
- 3.3 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.
- 3.4 To demonstrate the Council has fulfilled these objectives, this report details the Prudential Indicators that must be set and monitored each year.
- 3.5 We must put aside resources where the Council finances capital expenditure by borrowing (internal or external) to repay that debt in later years for the GF. This is charged to the revenue account annually and called MRP. There is not an earmarked reserve for MRP, it is represented in the balance sheet as increased cash as it forms part of the Council Tax Requirement.
- 3.6 The underlying need to borrow for capital purposes is measured by the Capital Financial Requirement (CFR), while usable reserves and working capital are the underlying resources available for investment.
- 3.7 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)
- 3.8 Under the TM Code and the prevailing DLUHC Guidance, we are required to provide details of each of these purposes in the investment strategy.
- 3.9 The UK Money Markets Code (April 2021 revision) is a voluntary code of practice which CIPFA recommends authorities follow as good practice. It is endorsed by the Bank of England's 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.

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 As the HRA is a separate ring-fenced account to ensure Council housing does not subsidise, or is not subsidised, by other local services, we show the HRA capital programme separately.
 - 4.3 The Council has an ambitious Corporate Plan and medium to long-term aspirations within the Borough. All schemes in the capital programme have been assessed against the Council's strategic priorities and Corporate Plan, ensuring expenditure meets the key objectives of the Council.
 - 4.4 All capital expenditure must be financed, either from external sources (grants and contributions), own resources (revenue, reserves, capital receipts) or debt (borrowing or leasing).
 - 4.5 Initially we will finance capital expenditure from external or our own resources. If we do not have enough to finance all the planned expenditure, there will be an increase in the underlying need to borrow (borrowing requirement - the Capital Financing Requirement (CFR)). 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.
 - 4.6 For planning purposes, we have assumed we will borrow internally for all schemes, but in doing so we are projecting a need to borrow externally (borrowing requirement). Depending on how much we spend and how much capital income we may receive will determine how the overall capital programme is financed.
 - 4.7 Officers calculate the interest estimates (both investment and borrowing) according to the planned capital expenditure. We assume actual expenditure of 50% for schemes on the provisional programmes in the financial year. This also feeds into the MRP calculations (for the GF only), and the liability benchmark to ensure we are not being over prudent in our budgeting.

Current capital programme

- 4.8 A copy of the current capital programmes is attached at appendices 2 and 3, together with a schedule of the latest resource availability for, and financing of the programme.
- 4.9 All projections are based on 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.

- 4.10 The Council is currently projecting expenditure of £200 million for HRA and £434 million for GF. The underlying need to borrow for the period is £286 million.
- 4.11 An agreement has been made with St Edwards which involves them moving the bus station as part of their development. This means we no longer need the £500,000 in our budget for this scheme, and officers are recommending it is removed from the provisional capital programme.

New capital schemes

General Fund

- 4.12 Officers have put forward 7 bids, with gross expenditure of totalling £10.4 million up to 2027-28. Officers also recommend including £2 million per annum as the capital contingency fund to allow for unknown capital expenditure. This will increase the current underlying need to borrow to £287 million up to 2027-28.
- 4.13 The net cost each year, of the new proposals are:

Project title	GROSS ESTIMATES					TOTAL COST £000
	2023-24 £000	2024-25 £000	2025-26 £000	2026-27 £000	2027-28 £000	
General fund: Provisional						
Lido road allotments security fencing	70	0	0	0	0	70
2015 Play strategy action plan	200	0	0	0	0	200
Spectrum upgrades	1,250	1,750	2,300	1,150	650	7,100
GBC Depot - operational	200	2,200	30	0	0	2,430
Derby Rd playground conversion	120	0	0	0	0	120
SMP astro turf surface	8	2	0	0	0	10
Investment Property void pot	100	100	100	100	100	500
Total	1,948	4,052	2,430	1,250	750	10,430
HRA: Approved						
Capital works to properties/estates	20,600	0	0	0	0	20,600
						0
Total HRA	20,600	0	0	0	0	20,600
Gross total	22,548	4,052	2,430	1,250	750	31,030
Funded by reserves or contributions	(20,600)	0	0	0	0	(20,600)
Cost to the Council	1,948	4,052	2,430	1,250	750	10,430

- 4.14 The Spectrum and GBC Operational depot will come forward as separate mandates in due course.

HRA

- 4.15 The HRA capital programme is split between expenditure on existing stock and either development of or purchase of dwellings to add to the stock. The council has in place a robust stock condition review process which provides 100% stock data over a rolling 5-year period, which allows for effective assessment against Regulatory and legislative standards. In addition to which, the recently updated Fire Risk Assessments, allow us to plan the current and future programme to ensure compliance with the new building safety legislation and standards. This in turn is complimented by the new compliance framework that has been rolled out over the last year which provides enhanced and improved levels of assurance, up to date information to meet the requirements of other key areas of compliance including asbestos, legionella, lifts and gas.
- 4.16 Improved building safety standards across social housing has resulted in a national drive to improve standards and safety, Guildford has responded to the recent and forthcoming changes in requirements with an extensive programme of improvements. The first year of the programme required an investment at levels not previous seen in Guildford with £24.5 million invested in 2022-23, with a further £20 million planned for 2023-24 after which the extensive programme of building safety improvement will be completed, and investment level will return to levels as previous seen. The capital programme will be funded from HRA capital receipts and reserves. There is also £145 million between 2022-23 and 2027-28 million included for development projects to build or acquire new housing (including WUV). The proposed budget can be seen in Appendix 3.

Prudential Indicators

- 4.17 The Prudential Code covers all capital expenditure and investment decisions and should consider all potential long-term liabilities relevant to the Council. This includes the consideration of investments and liabilities of subsidiary companies.
- 4.18 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 in the future. The CFO therefore needs to be satisfied that the proposed capital programme is prudent, affordable and sustainable. This will be by looking at the overall gearing ratio's, local indicators and affordability ratios / indicators.
- 4.19 Indicators we are required to calculate, and monitor are detailed below.

Estimates of Capital Expenditure

4.20 This indicator is a summary of the Council’s capital programme and financing of the programme, summarised in the table below

CAPITAL EXPENDITURE SUMMARY	2022-23 Approved £000	2022-23 Outturn £000	2022-23 Variance £000	2023-24 Estimate £000	2024-25 Estimate £000	2025-26 Estimate £000	2026-27 Estimate £000	2027-28 Estimate £000
General Fund Capital Expenditure								
- Main Programme	107,404	58,822	(48,582)	74,886	2,833	2,000	2,000	2,000
- Provisional schemes	44,510	725	(43,785)	118,833	67,989	43,483	27,642	29,203
- Schemes funded by reserves	1,618	1,530	(88)	1,031	940	0	0	0
- S106 Projects	58	263	205	122	0	0	0	0
- New Bids (net cost)	0	0	0	1,948	4,052	2,430	1,250	750
Total Expenditure	153,590	61,340	(92,250)	196,820	75,814	47,913	30,892	31,953
Financed by :								
Capital Receipts	0	(0)	(0)	0	0	(21,641)	(27,117)	(22,593)
Capital Grants/Contributions	(47,472)	(19,758)	27,714	(46,336)	(4,589)	(1,020)	0	0
Capital Reserves/Revenue	(1,838)	(2,979)	(1,141)	(1,131)	(1,160)	(220)	0	0
Borrowing	(104,280)	(38,603)	65,677	(149,353)	(70,065)	(25,032)	(3,775)	(9,360)
Financing - Totals	(153,590)	(61,340)	92,250	(196,820)	(75,814)	(47,913)	(30,892)	(31,953)
Housing Revenue Account Capital Expenditure								
- Main Programme	52,909	32,869	(20,040)	27,266	7,847	400	0	0
- Provisional schemes	7,281	75	(7,206)	15,928	26,324	34,373	49,575	5,575
- New bids	0	0	0	20,600	0	0	0	0
Total Expenditure	60,190	32,944	(27,246)	63,794	34,171	34,773	49,575	5,575
Financed by :								
- Capital Receipts	(8,540)	(3,208)	5,332	(8,494)	(3,430)	(3,521)	0	0
- Capital Reserves/Revenue	(40,103)	(18,188)	21,915	(55,300)	(30,741)	(31,252)	(49,575)	(5,575)
- Borrowing	0	0	0	0	0	0	0	0
Financing - Totals	(48,643)	(21,396)	27,247	(63,794)	(34,171)	(34,773)	(49,575)	(5,575)

4.21 The table shows that most of our GF capital expenditure at this stage will be financed from borrowing due to the availability of known capital receipts and reserves. This is the most prudent assumption. Any future capital receipts, grants or contributions will be taken account of when they are known. Regular monitoring throughout the year will identify these, and the updated underlying need to borrow will be presented to Councillors.

Estimates of the CFR, Gross Debt and the Liability Benchmark

4.22 The CFR is the cumulative balance of unfinanced capital expenditure (“debt”) less the provision made for the repayment of debt (MRP).

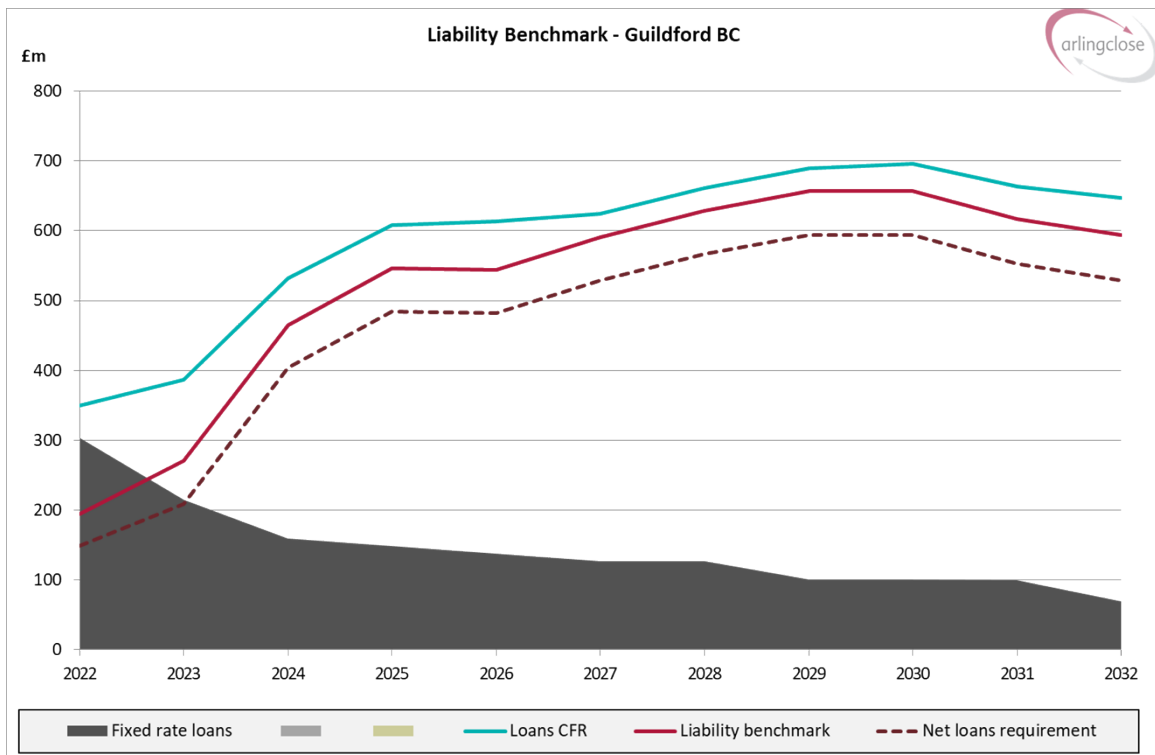
4.23 The Council is required to make reasonable estimates of the total CFR over at least the forthcoming year and following two years. Because we use our CFR projections as part of our liability benchmark, we project over a longer period, and present in the report at least the five-year time frame in line with the time frame presented in the capital programme.

4.24 The following table shows the Council’s estimated CFR, level of reserves and borrowing to calculate the overall borrowing requirement.

Position at 31 March	Actual	Forecasts		£m			
	2022	2023	2024	2025	2026	2027	2028
Loans CFR	350.1	386.3	532.5	608.5	613.5	624.2	660.9
External borrowing	-303.7	-214.6	-159.0	-148.3	-137.7	-127.1	-126.4
Internal (over) borrowing	46.3	171.7	373.6	460.1	475.8	497.1	534.5
Balance sheet resources	-201.0	-177.6	-128.9	-123.7	-130.9	-95.3	-93.8
Investments (new borrowing)	154.6	5.9	-244.6	-336.4	-344.9	-401.8	-440.8

4.25 The Gross Debt compared to the CFR is key in ensuring debt is only for a capital purpose. The table shows that debt is expected to remain below the CFR during the period shown.

4.26 This is then shown in graphical format identifying the liability benchmark. The liability benchmark is the lowest risk level of borrowing – borrowing only when your reserves reach your set minimum level (we have set at £45 million). We have adopted this policy for a number of years and propose to continue doing so.



4.27 The gap between the lines and the shaded area is the need to borrow externally, only assuming the capital expenditure that has been or is being approved as part of this report.

Operational boundary and authorised limit for external debt

4.28 The Council is legally obliged to set an annual affordable borrowing limit (termed “authorised limit for external debt”). 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.

- 4.29 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.
- 4.30 We set a separate limit for the HRA, which is now important to monitor due to the removal of the debt cap.
- 4.31 We are required to set a limit for other long-term liabilities, for example finance leases. We have included £26 million for items that could be classed as finance leases, particularly with the introduction of IFRS16 in April 2024.

Operational Boundary of External Debt	2022-23 Approved £000	2022-23 Revised £000	2023-24 Estimate £000	2024-25 Estimate £000	2025-26 Estimate £000	2026-27 Estimate £000	2027-28 Estimate £000
Borrowing - General Fund	250,856	192,056	338,316	414,256	419,256	429,976	466,716
Borrowing - HRA	217,024	199,204	199,204	199,204	199,204	199,204	199,204
Other Long Term Liabilities	26,000	26,000	26,000	26,000	26,000	26,000	26,000
Total	493,880	417,260	563,520	639,460	644,460	655,180	691,920

- 4.32 The authorised limit gives headroom for significant cash-flow movements. 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).

Authorised Limit for External Debt	2022-23 Approved £000	2022-23 Revised £000	2023-24 Estimate £000	2024-25 Estimate £000	2025-26 Estimate £000	2026-27 Estimate £000	2027-28 Estimate £000
Borrowing - General Fund	309,556	244,956	403,316	479,256	484,256	494,976	531,716
Borrowing - HRA	217,024	199,204	199,204	199,204	199,204	199,204	199,204
Other Long Term Liabilities	26,000	26,000	26,000	26,000	26,000	26,000	26,000
Total	552,580	470,160	628,520	704,460	709,460	720,180	756,920

Proportion of financing costs to net revenue stream

- 4.33 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.
- 4.34 Although capital expenditure is not charged directly to the revenue account, interest payable on loans and MRP are charged. 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 for the GF and for the HRA its income).
- 4.35 The table below shows the financing costs as a % of net revenue stream

	2022-23 Approved	2022-23 Outturn	2023-24 Estimate	2024-25 Estimate	2025-26 Estimate	2026-27 Estimate	2027-28 Estimate
General Fund	8.42%	0.60%	8.42%	20.26%	25.24%	53.75%	74.41%
HRA	32.49%	31.46%	32.49%	32.63%	31.64%	31.65%	32.83%

- 4.36 The HRA is remaining consistent due to the stable income, and assumption there will be interest costs on the whole £148 million PWLB debt.
- 4.37 For the GF external borrowing costs and MRP costs are increasing due to the cost of the capital programme, with stable investment income

5. Minimum Revenue Provision

- 5.1 The Local Government Finance Act 2003 requires local authorities to have regard to the former MHCLG’s Guidance on MRP, most recently issued in 2018.
- 5.2 The Guidance requires local authorities to approve an annual MRP statement each year and recommends options but does not preclude locally determined prudent methods.
- 5.3 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 GF.
- 5.4 The aim of the guidance is to ensure that debt is repaid over a period that is reasonably commensurate with that over which the capital expenditure provides benefits.
- 5.5 It recommends a maximum useful life of 50 years for all assets, unless the Council has an opinion from an appropriately qualified professional advisor that an asset will deliver service functionality for more than 50-years.
- 5.6 MRP becomes chargeable in the financial year after the expenditure is incurred or when the asset becomes operational – whichever is the latter.
- 5.7 Based on the Council’s estimate of its CFR on 31 March 2023, and unfinanced capital expenditure in 2022-23 of £235 million, the budget for MRP for 2023-24 and future years is:

2023/24	£1.7 million
2024/25	£3.9 million
2025/26	£4.0 million
2026/27	£4.1 million
2027/28	£4.1 million

- 5.8 Profiling of capital expenditure is key in determining the impact of MRP on the revenue account because it forms part of the annual Council Tax Requirement.

MRP Policy

- 5.9 The Council will use the asset life method as its main method of applying MRP but will use the annuity method for investment property.
- 5.10 Where appropriate, for example in relation to capital expenditure on regeneration schemes, we may use an annuity method starting in the year after the asset becomes operational.
- 5.11 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.
- 5.12 We will apply a life of 50 years for the purchase of land and schemes which are on land (for example transport schemes).
- 5.13 Where loans are made to other bodies for their capital expenditure, where the loans are repaid in at least annual instalments of principal, there will be no MRP, but we will apply the capital receipts to reduce the CFR. Where there is no repayment, MRP will be charged in accordance with the MRP policy for assets funded by the loan.
- 5.14 For investments classed as capital expenditure, we will apply a life related to the underlying asset in which the share capital has been invested.
- 5.15 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.
- 5.16 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 CFO.
- 5.17 Where former operating leases have been brought onto our balance sheet on 1 April 2024, due to the adoption of IFRS16 leases accounting standard, and the asset values have been adjusted for accruals, prepayments, premiums and / or discounts, then the annual MRP charge

will be adjusted so the total charge to revenue remains unaffected by new standard.

6. Treasury Management

- 6.1 Treasury management is concerned with keeping sufficient but not excessive cash available to meet the Council's spending needs, while managing the risks involved. Surplus cash is invested until required, which a shortage of cash will be met by borrowing, to avoid excessive credit balances of overdrafts in the bank current account.
- 6.2 The policy on treasury investments is to prioritise security and liquidity over yield, that is to focus on minimising risk rather than maximising returns.
- 6.3 The Council is typically cash rich in the short-term as revenue income is received before it is spent (and invested more securely to minimise the risk of loss), 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. Money that will be held for longer terms is invested more widely to balance the risk of loss against the risk of receiving returns below inflation.
- 6.4 Decisions on treasury management investment and borrowing decisions are made daily and therefore delegated to the CFO 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 and are responsible for scrutinising treasury management decisions.
- 6.5 The Council currently has a total of £170 million long-term borrowing which £148 million is related to the HRA at an average rate of 3.37% with a cost of £4.7 million in interest, and the remaining £22 million relates to WUV and the interest is being capitalised to the project. Short-term borrowing, falling on the GF, is expected to cost £0.6 million at an average rate of 4.5%. The Council's average investment portfolio is £75 million at an average rate of 3.56%, generating £3.5 million of interest.

Borrowing Strategy

- 6.6 The Council's main objective 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 seeks to strike a balance between cheaper short-term loans and long-term fixed rate loans where the future cost is known but higher.

- 6.7 The Council does not borrow to invest for the primary purpose of financial return and therefore retains full access to the PWLB.
- 6.8 Statutory guidance is that debt should remain below the capital financing requirement, except in the short term. The liability benchmark in paragraphs 4.23 to 4.26 show we are meeting the statutory guidance.
- 6.9 The detailed borrowing strategy can be found in Appendix 1, Section 5.

Investment strategy

- 6.10 The CIPFA Code requires local authorities to invest its treasury funds prudently, and to have regard to the security and liquidity of its investments before seeking the higher rate of return, or yield.
- 6.11 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.
- 6.12 Where balances are expected to be invested for more than one year, the Council will aim to achieve a total return that is equal or higher than the prevailing rate of inflation, in order to maintain the spending power of the sum invested.
- 6.13 The detailed investment strategy can be found in Appendix 1, section 5.
- 6.14 The Council has identified the proportion of income from these types of investments against gross service expenditure. This income is part of the net service cost and therefore makes a positive contribution to the Council Tax Requirement. We have an interest rates movement earmarked reserve to cover any loss in investment income in the year, and for lower investment property income we have an earmarked reserve

	2022-23 Budget £000	2023-24 Budget £000	2024-25 Budget £000	2025-26 Budget £000
Gross Service Expenditure	110,099	119,154	120,230	121,628
Investment property income	8,649	9,704	9,704	9,704
Treasury management income	3,490	2,833	2,076	2,076
Investment income %	11%	11%	10%	10%

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

7. Service and Commercial 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 of underperforming assets
- for all buildings to be held to a high standard of repair, by undertaking regular conditions 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 for 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 CFO. Most loans and shares are capital expenditure and purchases will therefore be approved as part of the capital programme and PPM Governance framework.

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

Commercial Activities

- 7.7 The Council has 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 Investment property is valued at £174 million as per the 2021-22 unaudited statement of accounts, with rent receipts of £8.75 million
- 7.9 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, in order to ensure proportionality of investments across the Council.
- 7.10 With financial return being the main objective, the Council accepts higher risk on commercial investment than treasury investments. The principal risk exposures include fluctuating capital values, vacancies, tenant defaults and risking 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 in para 7.1, 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 Internal Rate of Return (IRR) of the investment, in line with the approved asset investment strategy.
- 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 costs, 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 the purchase cost, the underlying asset provides security for the capital investment. Should the valuation be lower than 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 and as part of the Capital and Investment Strategy annual report.
- 7.14 In accordance with the Council's Constitution, the Joint Strategic Director of Place is authorised to acquire property up to £1 million, in consultation with the relevant lead councillor, where budget provision exists in the approved capital programmes. Purchases must be in consultation with the CFO in line with the criteria set in the asset investment strategy. Where there isn't an approved budget in the capital programme, committee approval will be sought in line with the financial regulations.
- 7.15 The asset investment strategy provides a robust 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 that it is fit for purpose.
- 7.16 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 development 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.

Net income from commercial and service investments to net revenue stream

- 7.17 The table below shows net revenue stream compared to the net income from commercial investments:

	2023-24 Estimate £000	2024-25 Estimate £000	2025-26 Estimate £000	2026-27 Estimate £000	2027-28 Estimate £000
Net Revenue Stream	15,828	15,061	15,300	15,667	15,919
Net income	8,760	8,751	8,741	8,741	8,741

- 7.18 The table shows that income from commercial investments is significant when compared to the Council's net revenue stream.

Other Liabilities

- 7.19 Although not strictly counted as investments, since no money has changed hands yet, loan commitments and financial guarantees carry similar risks to the Council and are included here for completeness.
- 7.20 The Council is committed to making future payments to cover its share of the pension fund deficit, on the face of the Council's balance sheet, there is £143 million of other long-term liabilities which relates to the Pension Fund liability.
- 7.21 We have also put aside £6 million to cover risks of Business Rates appeals plus other smaller provisions. We have not allowed for any financial guarantees but have identified two. One relates to the Electric Theatre pension payments, and another is a tax guarantee we have provided to Thames Water for the WUV project.
- 7.22 The Council is also at risk of having to pay for levies relating to our liability for asbestos but has not put aside money into a provision because it is not yet certain.
- 7.23 Decisions on incurring new discretionary liabilities are taken by the relevant service leader and the CFO.
- 7.24 A new accounting standard, IFRS16 – accounting for leases, comes into effect from 1 April 2024. The key change is that accounting for leases (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 on our balance sheet.

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 Joint Executive Head of Finance and Lead Specialist Finance (s151 and deputy s151 respectively) are both qualified accountants with many years' post-qualification experience, and other senior members of the finance team

have good operational experience. The Head of Asset Management, and Deputy Head are qualified chartered surveyors and members of the Royal Institution of Chartered Surveyors (RICS) as are other 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 advisors and consultants that are specialist in their field. This approach is more cost effective than employing such staff directly and ensures that the Council has access to knowledge and skills commensurate with its risk appetite.
- 8.3 Under the MiFID regulations, for the Council 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. Consultations

- 9.1 The Lead Councillor for Finance and Planning Policy supports the recommendations in this report.

10. Key Risks

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

- 10.4 Slippage in the capital programme could also mean costs are higher than originally budget because of price inflation and changing market conditions. To help mitigate this, the Council has a capital contingency fund budget of £2 million each year (reduced from £5 million to reflect the improved governance procedures we have now introduced) acting as an additional budget included in the borrowing calculations across the programme as a whole. Each scheme also has contingencies built into the individual budgets
- 10.5 Many of the larger schemes in the programme have external funding attached to them. Generally, as part of this funding, when the bids for funding are made, a time frame for spend needs to be agreed. If schemes are delayed, there is a risk that the funding will either have to be repaid or the funding will no longer be available to us. This will increase the cost of borrowing to the Council.
- 10.6 If we do not deliver new housing schemes, we are at risk of having to repay housing capital receipts back to the Government. It is therefore important we have a planned programme of development schemes to be able to monitor future expenditure with reasonable certainty to help avoid the risk of having to return money plus interest.
- 10.7 The Council has some significant and costly capital schemes in its programme. Each of these schemes have a high level of scrutiny in its finances with continually updated finance cases as any change in these can be financially significant. The key risk being that if any of these schemes were approved based on a net income or break even, and they then become a cost to the Council this will increase the borrowing burden on the GF.

Treasury management risks

- 10.8 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.
- 10.9 Overall responsibility for treasury management remains with the Council. Treasury management activity involves risk and cannot be eliminated. The effective identification and management of risks are integral to the Council's treasury management objectives.

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

Risks relating to Commercial investments

- 10.13 There are some identifiable risks of investing in property
- 10.14 A downturn in the property market could lead to falling rents or higher vacancies meaning that rental income may not cover borrowing costs
- 10.15 In addition, a downturn could lead to a fall in property valued which could impact capital receipts if the Council wanted to sell the property to use the receipts for other purposes
- 10.16 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

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 new 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 2023-24 is £3.5 million, based on an average investment portfolio of £70 million, at a weighted average rate of 3.56%. The budget for debt interest paid of £8.2 million, of which £4.7 million relates to the HRA, £2.8 million capitalised for WUV and £600,000 temporary borrowing cost. 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 £9.7 million in 2023-24
- 11.5 The MRP budget is £1.7 million in 2023-24
- 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 CFO is comfortable that the proposed capital programme is prudent, affordable and sustainable

Flexible use of capital receipts

- 11.7 The Government has extended the ability for Council’s to use capital receipts to fund revenue costs of transformation programmes, and officers are recommending to Councillors the policy is approved to enable the flexibility to fund the costs relating to the Guildford and Waverley Collaboration and any other transformations, restructures or efficiency changes that may be incurred during 2023-24. The policy can be found at appendix 8.

Risk indicators

- 11.8 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

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

Total Investment Exposure	2022-23 Projection £000	2023-24 Forecast £000	2024-25 Forecast £000
Treasury management investments	95,628	61,383	54,792
Service investments: Loans	15,180	15,180	15,180
Service investments: Shares	10,120	10,120	10,120
Investment property	174,256	174,256	174,256
Total Investments	295,184	260,939	254,348

- 11.10 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, investments in loans and shares (North Downs Housing and Guildford Holdings) could be described as being funded by borrowing – as they are part of the Capital programme and therefore forms part of the underlying need to borrow for a capital purpose. The remainder of the Council’s

investments are funded by usable reserves and income received in advance of expenditure

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

Investments net rate of return	2022-23 Projection £000	2023-24 Forecast £000	2024-25 Forecast £000
Treasury management investments	1.17%	3.67%	2.24%
Service investments: Loans	5.00%	5.00%	5.00%
Service investments: Shares	0.00%	0.00%	0.00%
Investment property	6.00%	5.50%	5.50%

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 issues “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 this report, however, capital bids have been made for some schemes relating to reducing carbon.

16. Corporate Governance and Standards Committee comments

- 16.1 At its meeting held on 19 January 2023, the Corporate Governance and Standards Committee considered this report and endorsed the recommendations to the Executive and full Council. The Lead Councillor for Finance and Planning Policy drew attention to the impact of the interest rate rises on the capital programme, which would necessitate a review and reassessment of some business cases to make sure projects were still viable. The following comments were made by the Committee during the debate:

1. In response to a request for clarification as to whether
 - (a) it was still correct to assume actual expenditure of 50% for schemes on the provisional programmes in the financial year (paragraph 4.7 of the report) given that projects were being more actively managed and that some schemes had been removed from the programme, and
 - (b) provision should be made for inflation in the cost projections for schemes in the capital programme (paragraph 4.9)

the Lead Specialist – Finance confirmed that the 50% assumption reflected the need to minimise the impact on the Minimum Revenue Provision, and that although no provision was made for inflation the capital contingency fund was used as a source of funding for topping up capital budgets following receipt of tenders. It was noted that where inflation impacts on larger capital schemes, these were subject to separate reports back to councillors.

2. In response to a request for information as to the nature of the estimated expenditure on the provisional capital programme on the North Street development, which would be £1.35 million by 2030, the Lead Specialist – Finance confirmed that details would be circulated to the Committee.
3. In relation to the detailed investment strategy in Appendix 1, and in view of the Council's stated priority on environmental leadership, it was suggested that a watching brief was kept as to the appropriate time at which the framework for evaluating investment opportunities should be extended to include environmental, social and governance (ESG) criteria.
4. In response to a question as to whether any consideration had been given by the Executive to rebuilding those HRA properties that were in very poor condition, the Committee noted that such decisions would be informed by the outcome of the stock condition survey and resulting asset management plan. Consideration would also need to be given as to where displaced residents would be housed.
5. In response to concerns expressed over the relatively low provision set aside for energy projects, and for Special Protection Areas, the Committee noted that these were projects to be funded by specific reserves. It was anticipated that the energy projects would come before the Executive for approval in due course.
6. Request for clarification as to the level of risk of having to pay for levies relating to liability for asbestos and whether the health of residents was at risk. In response, officers confirmed that there no specific, known risks to residents and that this was a very long-term liability.
7. Concerns over the operation of North Downs Housing (NDH) and the apparent lack of communication between NDH and the holding company.
8. Whilst acknowledging the need to invest in the maintenance of the housing stock, there was concern as to whether it was really necessary to replace kitchens, bathrooms, and heating systems that were still fully functional every ten years.
9. In relation to new schemes, clarification was sought in respect of whether any reports had been prepared in relation to Spectrum upgrades. It was noted that this would be subject of a meeting of the Joint EAB in the next few weeks.
10. Request for consistency in naming of capital schemes, for example there was reference in the capital programmes to "Slyfield Area Regeneration Project" and to "Weyside Urban Village."

17. Joint Executive Advisory Board comments

17.1 At its meeting on 24 January 2023, the Joint Executive Advisory Board considered the report, including the new bids. The Board made the following comments:

1. The Strategy was intended to represent an appropriate balance between risk and cost effectiveness in relation to new capital bids and mandates. Although some alternative borrowing / investment strategies and risk management implications were highlighted in the report for comparative purposes, none were recommended for adoption as the present approach of a mixture of policies was felt to be the most appropriate. It was acknowledged that, owing to constraints within its reserves, the Council was now entering a period where it would increasingly rely on external borrowing to fund schemes which would lead to increased exposure to risk, such as interest rate rises.
2. With regard to the proposed North Street redevelopment scheme, the Council had received £500,000 on exchange of contracts for its land forming part of the site with a significant capital receipt expected at a later stage. However, as planning permission in respect the current proposal had been refused, the future of the scheme and associated financial implications were now uncertain and under review. It was hoped that a similar scheme for the site could be pursued.
3. It was clarified that HRA capital programme expenditure in respect of existing and new housing stock included works to improve the energy efficiency of homes. The Council was working towards meeting the Government's zero carbon targets which would require further investment in the future. There was some uncertainty as to the costs associated with the necessary green technology and, with the assistance of consultants, the Council was seeking to identify the correct balance between early adoption of technology at a higher cost or delaying installation until costs had reduced and systems became more efficient and effective.
4. A range of options were available regarding the future of the Spectrum. A significant investment in the existing facility would be required for it to meet the Council's 2030 carbon neutral target. The capital programme included a sum of approximately £7m with was the estimated amount required to prolong the life of the existing building until a new facility could be provided. The Council was committed to continuing to provide this sports and leisure service which supported the health and wellbeing and the fitness of its many users.

5. It was recognised that the projected amount of £145 million included in the capital programme to spend between 2022-23 and 2027-28 in respect of development projects to build or acquire new housing, including Weyside Urban Village (WUV), may require revision when delivery options were known. Further information concerning measures to mitigate the deficit in relation to the WUV project would be reported in due course.
6. The cost associated with the provision of Walnut Bridge was anticipated to be £5-6m and discussions with the contractor were taking place to establish the final cost.
7. Capital programme project ED32 related to the construction of an internal estate road at Slyfield Industrial Estate to facilitate the WUV development whilst project OP6(P) Replacement Programme referred to refuse and recycling collection vehicles.

18. Summary of Options

18.1 Officers have detailed the options within each new capital bid / mandate

18.2 The CIPFA TM Code does not prescribe any particular treasury management strategy for local authorities to adopt. The CFO, 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

Alternative	Impact on Income / Expenditure	Impact on risk management
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

19. Conclusion

- 19.1 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.
- 19.2 If all schemes proceed within the timescales indicated, there will be an underlying need to borrow of £315 million by 31 March 2027.
- 19.3 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.

20. Background Papers

None

21. Appendices

- Appendix 1: Detailed capital and investment strategy
- Appendix 2: Schedule of GF capital programme
- Appendix 3: HRA capital programme
- Appendix 4: Treasury Management Policy Statement
- Appendix 5: Money Market Code Principles
- Appendix 6: Arlingclose Economic and Interest Rate Forecast
- Appendix 7: Credit rating equivalents and definitions
- Appendix 8: Flexible use of capital receipts policy
- Appendix 9: 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 we 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 The Local Government Act 2003 requires Local Authorities to have regard to the Prudential Code. The Prudential Code, last revised in 2021, 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.

- 1.9 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.
- 1.10 The following sections of the strategy outline the Council's balance sheet and treasury position, capital expenditure and treasury management strategy.
- 1.11 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 Bank of England (BoE) increased Bank Rate by 0.75% to 3.0% in November 2022, the largest single rate hike since 1989 and the eighth successive rise since December 2021
- 2.2 The November quarterly Monetary Policy Report (MPR) forecast a prolonged but shallow recession in the UK with CPI inflation remaining elevated at over 10% in the near-term. inflation is expected remain higher for longer over the forecast horizon and the economic outlook remains weak, with unemployment projected to start rising.
- 2.3 Growth is then expected to continue to fall throughout 2023 and the first half of 2024.
- 2.4 CPI inflation is expected to peak at around 11% in the last calendar quarter of 2022 and then fall sharply to 1.4%, below the 2% target, in two years' time and to 0% in three years' time if Bank Rate follows the path implied by financial markets with a peak of 5.25%.
- 2.5 the MPR shows the labour market weakening in response to the deteriorating outlook for growth, leading to the unemployment rate rising to around 6.5% in 2025.

Credit outlook

- 2.6 The weakening economic picture during 2022 led the credit rating agencies to reflect this in their assessment of the outlook for the UK sovereign as well as several local authorities and financial institutions, revising them from to negative from stable.
- 2.7 There are competing tensions in the banking sector which could impact bank balance sheet strength going forward. The weakening economic outlook and likely recessions in many regions increase the possibility of a deterioration in the quality of banks' assets, while higher interest rates provide a boost to net income and profitability

Interest rate forecast

- 2.8 Arlingclose forecasts that Bank Rate will continue to rise in 2022 and 2023 as the Bank of England attempts to subdue inflation which is significantly above its 2% target.
- 2.9 While interest rate expectations reduced during October and November 2022, multiple interest rate rises are still expected over the forecast horizon despite looming recession. Arlingclose expects Bank Rate to rise to 4.25% by June 2023 under its central case, with the risks in the near- and medium-term to the upside should inflation not evolve as the Bank forecasts and remains persistently higher.
- 2.10 Yields are expected to remain broadly at current levels over the medium-term, with 5-, 10- and 20-year gilt yields expected to average around 3.6%, 3.7%, and 3.9% respectively over the 3-year period to September 2025. The risks for short, medium and longer-term yields are judged to be broadly balanced over the forecast horizon. As ever, there will undoubtedly be short-term volatility due to economic and political uncertainty and events.

3. Balance sheet and treasury position

Balance Sheet

- 3.1 The Council has a strong asset backed balance sheet

	Balance at 31 March 2021		Balance at 31 March 2022		
	£'000	£'000	£'000	£'000	
Long term assets	966,521			1,052,236	
Short term assets	92,938			65,185	
		1,059,459	89%		1,117,421
Long term investments	27,022			39,174	
Short term investments	100,969			90,873	
		127,991	11%		130,047
					10%
Total assets		1,187,450		1,247,468	
Current liabilities	(62,544)			(57,992)	
Long term liabilities	(143,258)			(116,284)	
		(205,802)	40%		(174,276)
Short term borrowing	(163,772)			(134,294)	
Long term borrowing	(147,435)			(169,599)	
		(311,207)	60%		(303,893)
					64%
Total liabilities		(517,009)		(478,169)	
Net assets		670,441		769,299	

- 3.2 The summary balance sheet shows that cash investments make up only 10% of the Councils assets. Investment property makes up 17% of the long-term assets (being £174 million). The largest proportion of our liabilities is long-term borrowing, of which 87% is HRA debt, and the remaining 13% is for the WUV project.

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 riskier the organisation 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.

	2021-22 Actual ('000)	2022-23 Outturn ('£000)	2023-24 Estimate ('£000)	2024-25 Estimate ('£000)	2025-26 Estimate ('£000)	2026-27 Estimate ('£000)
Total debts	303,893	240,235	388,277	454,290	476,892	479,417
Total assets	1,247,468	1,326,505	1,503,680	1,575,442	1,620,925	1,652,128
Debt Ratio %	24%	18%	26%	29%	29%	29%

- 3.4 This shows that our gearing is low, but increasing and remaining steady, 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
Benchmarking of returns	As a measure against other investments and against other Council's property portfolios
Gross and net income	The income received from the investment portfolio at a gross level and net level (less costs) over time
Operating costs	The trend in operating costs of the non-financial investment portfolio over time, as the portfolio of non-investments expands
Vacancy levels and tenant exposures for non-financial investments	Monitoring vacancy levels (voids) ensure the property portfolio is being managed (including marketing and tenant relations) to ensure the portfolio is as productive as possible

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 22 Actual £'000	Dec 22 position £'000
Investments		
<u>Managed in-house</u>		
Call Accounts	330	2,810
Notice Accounts - UK	3,000	3,000
Money Market Funds	39,220	11,516
Temporary Fixed Deposits	57,500	53,000
Long term Fixed Deposits	18,500	20,000
Cash plus	5,000	0
Short term bonds	2,000	2,500
Gilts	0	5,000
Covered Bonds	16,100	11,400
CD	0	2,000
Total investments managed in-house	141,650	111,226
<u>Pooled Funds</u>		
CCLA	6,490	6,717
M&G	3,530	0
Schroders	700	730
UBS	2,220	1,797
Royal London	2,330	2,134
Fundamentum	1,980	2,066
Aegon	0	2,438
Funding Circle	500	98
Total pooled funds investments	17,750	15,980
Total Investments	159,400	127,206
Borrowing		
Temporary borrowing	163,772	87,000
Long-term borrowing (PWLb)	147,435	175,000
Total borrowing	311,207	262,000
Net investments / (borrowing)	(151,807)	(134,794)

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 December 2022 (the latest position).

3.11 Investment balances have reduced, due to repaying temporary borrowing. The net borrowing position has decreased since due to a higher reduction in borrowing than reduction in investments.

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 (radar stage)

- Approved programme (outline & final business case stage)
- Provisional programme (strategic outline case stage)
- Reserves and s106 funded programmes

- 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 and redevelopment (including housing schemes) which have a neutral or positive direct financial benefit to the council. 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 or by the capital receipts generated from the scheme being sufficient to repay any debt used to finance the scheme such that there are no borrowing costs on the revenue account.
 - b) development for non-financial reasons - those schemes that are for economic growth, regeneration, redevelopment, including housing schemes and infrastructure which have no direct financial benefit to the Council 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). They often do not have cashable savings or efficiencies associated with them, but often prevent further cost escalation of services. Essential schemes often have revenue costs associated with them, particularly if funded from borrowing.
- 4.5 The capital programme covers a 5 to 10-year period, with more emphasis on the first five years.
- 4.6 Any projects that are expected to be delivered after the first five years of the programme, or those where the scheme has not yet been fully identified are placed on the Council's Capital Vision. The vision enables us to model the potential financial impact of these schemes and be aware of the potential schemes to be brought forward onto the GF capital programme in future.
- 4.7 Many of the bids in the capital programme are development projects, and their expenditure and income profile can span beyond the five-year timeframe. The Council's capital programme, is therefore, a prudent one. Any income arising as a result of a development project that is outside the five years or is currently only estimated is shown in the capital vision. Any development projects will be subject to a thorough business case, which will assess the delivery model, and officers will ensure that they are financially viable before they can proceed.
- 4.8 The Council maintains a provisional programme to be able to produce a realistic five-year programme and include the financial implications in the outline budget. It also gives Councillors an indication as to what schemes are being investigated, and an indication as to when these schemes may be progressed.
- 4.9 Under the financial regulations, schemes that are fully funded by s106 receipts or grants and contributions can be added to the capital programme under delegation.
- 4.10 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

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representatives across the Council from different departments to give a joined-up approach.

- 4.11 The capital programme is also reviewed by CMT and Corporate Governance and Standards Committee (CGSC) as part of the regular quarterly financial monitoring and then as part of the final accounts report. Under the PPM Governance framework, the Major Project Portfolio Board, and its subgroups, meet regularly, and they receive highlight reports on the progress of all the major projects in the capital programme.
- 4.12 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
- 4.13 The actual financing of each years' capital programme is determined in the year in question.
- 4.14 Capital expenditure is split between the GF (incorporating non-HRA housing) and HRA housing.
- 4.15 Our current approved capital programme, revised in year for updates in the programme and for the new bids to be submitted for approval by the Executive is as follows:

CAPITAL EXPENDITURE SUMMARY	2022-23	2022-23	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
	Approved £000	Outturn £000	Variance £000	Estimate £000	Estimate £000	Estimate £000	Estimate £000	Estimate £000
General Fund Capital Expenditure								
- Main Programme	107,404	58,822	(48,582)	74,886	2,833	2,000	2,000	2,000
- Provisional schemes	44,510	725	(43,785)	118,833	67,989	43,483	27,642	29,203
- Schemes funded by reserves	1,618	1,530	(88)	1,031	940	0	0	0
- S106 Projects	58	263	205	122	0	0	0	0
- New Bids (net cost)	0	0	0	1,948	4,052	2,430	1,250	750
Total Expenditure	153,590	61,340	(92,250)	196,820	75,814	47,913	30,892	31,953
Financed by :								
Capital Receipts	0	(0)	(0)	0	0	(21,641)	(27,117)	(22,593)
Capital Grants/Contributions	(47,472)	(19,758)	27,714	(46,336)	(4,589)	(1,020)	0	0
Capital Reserves/Revenue	(1,838)	(2,979)	(1,141)	(1,131)	(1,160)	(220)	0	0
Borrowing	(104,280)	(38,603)	65,677	(149,353)	(70,065)	(25,032)	(3,775)	(9,360)
Financing - Totals	(153,590)	(61,340)	92,250	(196,820)	(75,814)	(47,913)	(30,892)	(31,953)
Housing Revenue Account Capital Expenditure								
- Main Programme	52,909	32,869	(20,040)	27,266	7,847	400	0	0
- Provisional schemes	7,281	75	(7,206)	15,928	26,324	34,373	49,575	5,575
- New bids	0	0	0	20,600	0	0	0	0
Total Expenditure	60,190	32,944	(27,246)	63,794	34,171	34,773	49,575	5,575
Financed by :								
- Capital Receipts	(8,540)	(3,208)	5,332	(8,494)	(3,430)	(3,521)	0	0
- Capital Reserves/Revenue	(40,103)	(18,188)	21,915	(55,300)	(30,741)	(31,252)	(49,575)	(5,575)
- Borrowing	0	0	0	0	0	0	0	0
Financing - Totals	(48,643)	(21,396)	27,247	(63,794)	(34,171)	(34,773)	(49,575)	(5,575)

- 4.16 The programme has slipped in 2022-23 – estimated expenditure on the GF of £154 million, has been reduced to £61 million. The majority of this relates to expenditure on regeneration schemes and has been moved into later years.
- 4.17 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 GF capital programme. Where there are mixed use schemes, we will split the expenditure based on the proposed percentage of social/affordable housing to be developed.

New capital schemes

- 4.18 To ensure good governance, the Council has the following process for the capital programme.
- 4.19 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 radar projects for the capital vision. Requests also come through via the PPM mandate process the Council has adopted.
- 4.20 Any projects that are expected to be delivered after the five-year period, of those where a scheme has not yet been fully identified are placed on the Council’s Capital Vision ¹(see Appendix 9). 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.
- 4.21 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.
- 4.22 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.
- 4.23 Each project will require a business case, in line with guidance set out in the HM Treasury Green Book (‘Green book’). The following applies:
- Simple non-complex projects (e.g., BAU R&M) – a simple business justification case will be required to justify the spending proposal
 - All other projects 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

¹ 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.

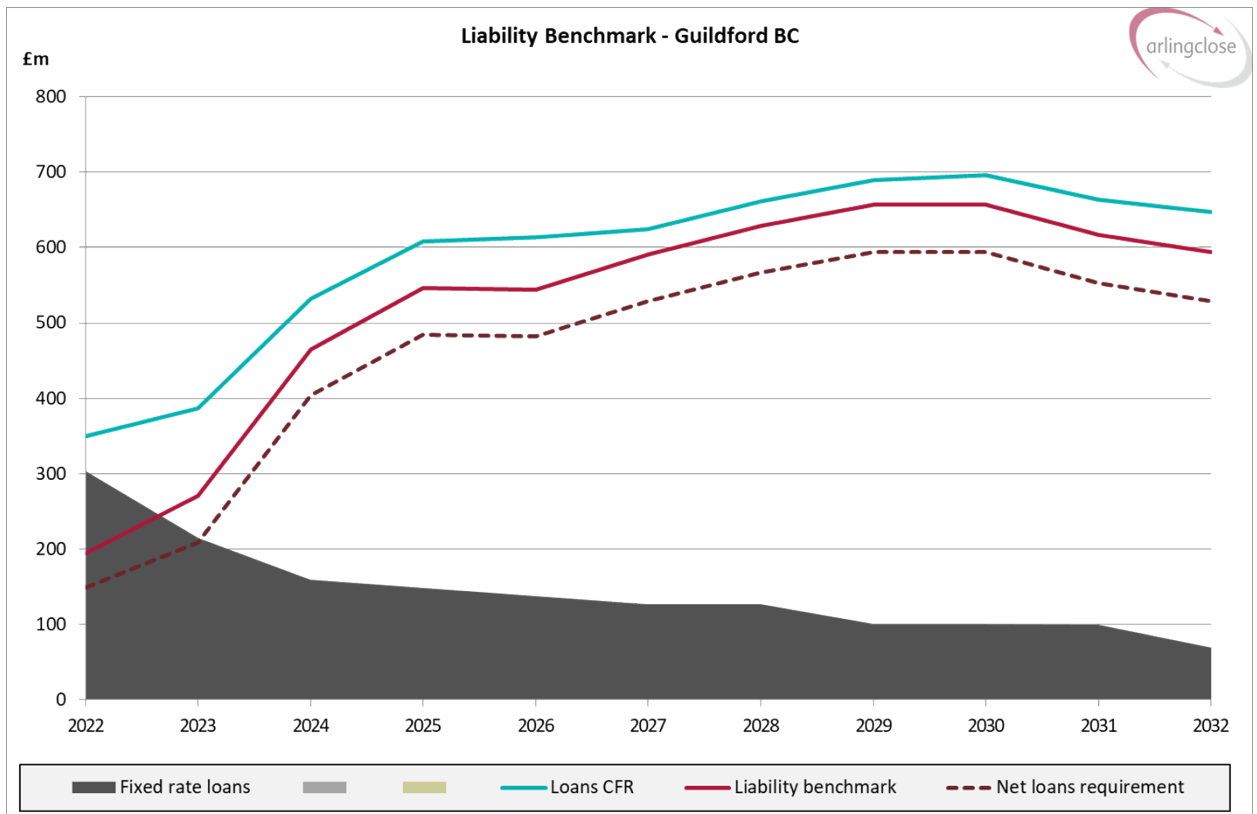
- reported to the Executive at the point a project is asking for approval to be moved from the provisional to the approved capital programme
 - a final business case – setting out the procurement process and evaluation of tenders prior to the contractual commitment of expenditure
- 4.24 The Council has a limited amount of resources and needs to have regard to the overall affordability of the capital programme in future years. Each scheme, therefore, needs to be evaluated to ensure it meets the Council's objectives. The criteria is:
- a) Each project must meet one of the five spending objectives:
 - a. Economy (invest to save, i.e., to reduce cost of services)
 - b. Efficiency (i.e., to improve throughput and unit costs)
 - c. Effectiveness (improving outcomes for the community)
 - d. Retendering to replace elements of the existing service
 - e. Statutory or regulatory compliance (i.e., H&S)
 - b) Each scheme must be assessed against the fundamental themes within the Council's Corporate Plan to show how well it contributes towards achieving the strategic objectives of the Council
 - c) Each scheme must have some or all of a cost benefit analysis, including but not limited to 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 development schemes for financial reasons
 - g) All projects should assess the qualitative benefits
- 4.25 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.
- 4.26 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.
- 4.27 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 (RTB receipts), 1/3 borrowing and 1/3 capital reserves.

5. Treasury management, borrowing and investment strategy

- 5.1 Treasury management is the management of the Council's cash flows, borrowing and investments and the associated risks. The Council both borrows and invests substantial amounts of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of financial risk are therefore central to the Council's prudent financial management.
- 5.2 Treasury risk management at the Council is conducted within the framework of the CIPFA Treasury Management in the Public Services: Code of Practice 2021 ('TM Code') which requires the Council to approve a treasury management strategy before the start of each financial year. This report fulfils the Council's legal obligation under the Local Government Act 2003 to have regard to the TM Code.

Capital Financing Requirement (CFR)

- 5.3 With the current treasury position, and future capital expenditure plans known, we can prepare a table 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 Council's investments consist of usable reserves and working capital and are the underlying resources available for investment.
- 5.6 The updated Codes require a new Prudential Indicator called the Liability Benchmark which Guildford had already been reporting for some years. This is an important tool to help establish whether the Council is likely to be a long-term borrower or long-term investor in the future, and so shape its strategic focus and decision making. The liability benchmark itself represents an estimate of the cumulative amount of external borrowing the Council must hold to fund its current capital and revenue plans while keeping treasury investments at the minimum level required to manage day to day cash flow.



- 5.7 The liability benchmark shows the lowest risk level of borrowing – i.e., using the Council’s overall cash to fund the capital programme, and only externalising the borrowing when our minimum liquidity requirement is reached. 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
- 5.8 The differential between the CFR and the net loans requirement is the Council’s overall external borrowing need. Where the external borrowing amount is lower than the CFR, it means we have internally borrowed and used non-capital receipts and reserves to initially finance capital expenditure (i.e., the Council’s overall cash). Items on the capital vision are currently excluded, mainly because the cost and/or timings of the schemes are unknown.
- 5.9 The Prudential Code recommends that the Council’s total debt (external borrowing) should be lower than its forecast CFR over the next three years – in other words, not over borrowing. The above shows that we are expecting to comply with this recommendation.
- 5.10 The table below 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 (2022-23 to 2024-25).

Position at 31 March	Actual Forecasts £m						
	2022	2023	2024	2025	2026	2027	2028
Loans CFR	350.1	386.3	532.5	608.5	613.5	624.2	660.9
External borrowing	-303.7	-214.6	-159.0	-148.3	-137.7	-127.1	-126.4
Internal (over) borrowing	46.3	171.7	373.6	460.1	475.8	497.1	534.5
Balance sheet resources	-201.0	-177.6	-128.9	-123.7	-130.9	-95.3	-93.8
Investments (new borrowing)	154.6	5.9	-244.6	-336.4	-344.9	-401.8	-440.8

- 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.
- 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 2023-24, based on the current profile of the capital programme. We have taken out short-term loans in the year to cover cash flow.

Borrowing strategy

- 5.14 The Council’s primary objective when borrowing money is to strike an appropriately low risk balance between securing low interest costs and achieving certainty of those costs over the period for which funds are required. The flexibility to renegotiate loans should the Council’s long term plans change is a secondary objective.
- 5.15 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.
- 5.16 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.
- 5.17 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.
- 5.18 By doing this, we are able to reduce net borrowing costs (despite forgone investment income) and reduce overall treasury risk.
- 5.19 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.
- 5.20 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 2023-24 with a view to keeping future interest costs low, even if this causes additional cost in the short term.

- 5.21 PWLB loans are no longer available to local authorities planning to buy investment assets primarily for yield; the Council needs to avoid this activity in order to retain access to PWLB funding.
- 5.22 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).
- 5.23 Its output may determine whether we arrange forward starting loans 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.
- 5.24 We may continue to borrow short-term for cash flow shortages.
- 5.25 We have an agreement with Homes England on the WUV project, whereby we have been successful in being granted a loan at the local infrastructure rate. Borrowing will be taken out from the PWLB in line with the agreed timetable.

Sources of borrowing

- 5.26 We have previously borrowed our long-term borrowing from the PWLB. We will consider 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 TM Code.
- 5.27 PWLB loans are no longer available to local authorities planning to buy investment assets primary for yield, we made the decision several years ago to only buy properties for strategic reasons, and not those purely for yield.
- 5.28 We will consider, but are not limited to, the following long- and short-term borrowing sources:
- HM Treasury's PWLB lending facility
 - 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 issues bonds on the capital markets and lends the proceeds to local authorities. This is 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 Council’s 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 Council’s exposure to refinancing risk, in terms of loans being unavailable. The upper and lower limits of on the maturity structure of borrowing will be:

Maturity Structure of borrowing		
	2023-24	
	Lower	Upper
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. The recent rise in interest rates means that more favourable debt rescheduling opportunities should arise than in previous years.

Investment strategy

- 5.36 The TM code requires the Council to invest its treasury 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 The TM Code does not permit Councils to both borrow and invest long-term for cash flow management, but they may make long-term investments for treasury risk management purposes, including to manage interest rate risk by investing sums borrowed in advance for the capital programme up to three years, to manage inflation risk by investing usable reserves in instruments whose value rises with inflation and to manage price risk by adding diversification to the strategic pooled fund portfolio.
- 5.39 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.
- 5.40 Under the IRFS 9 accounting standard the accounting of certain investments depends on the Council's 'business model' for managing them. The Council aims to achieve value from its internally managed treasury investments by a business model of collecting the contractual cash flows and, therefore, where other criteria are also met, these investments will continue to be accounted for at amortised cost.
- 5.41 The Council aims to be a responsible investor and will consider environmental, social and governance (ESG) issues when investing.
- 5.42 ESG considerations are increasingly a factor in global investors decision making, but the framework for evaluating investment opportunities is still developing and therefore the Councils policy does not currently include ESG scoring or other real time ESG criteria at an individual investment level. When investing in banks and funds, the Council will prioritise banks that are signatories to the UN Principles for Responsible Banking and funds operated by managers that are signatories to the UN Principles for Responsible Investment, the Net Zero Asset Managers Alliance and/or the UK Stewardship Code.

Counterparty limits

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

Sector	Time limit	Counterparty limit	Sector limit
UK Government	50 yrs	unlimited	n/a
Local authorities and other Government entities	25 yrs	£10 million	unlimited
Secured investments	25 yrs	£10 million	unlimited
Banks (unsecured)	13 mths	£6 million	unlimited
Building Societies (unsecured)	13 mths	£6 million	£15 million
Registered providers (unsecured)	5 yrs	£6 million	£20 million
Money Market Funds	n/a	£20 million	unlimited
Strategic pooled funds	n/a	£10 million	£50 million
Real estate investment trusts	n/a	£10 million	£20 million
Other investments	5 yrs	£10 million	£20 million

- 5.44 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 Credit rating: investment limits are set by reference to the lowest published long-term credit rating from a selection of external rating agencies. Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used. However, investment decisions are never made solely based on credit ratings, and all other relevant factors including external advice will be taken into account.
- 5.47 For entities without published credit ratings, investments will only be made following external advice.
- 5.48 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 Government are deemed to be zero credit risk due to its ability to create additional currency and therefore may be made in unlimited amounts for up to 50 years. Local Authorities are statutory bodies and have access to the PWLB for borrowing, and any of these loans would be transferred to a successor body. There has not been a Local authority default, despite some s114 notices being put in place, instead Government has stepped in so the risk of a local authority defaulting is very low.
- 5.49 Secured investments: investments secured on the borrower's assets, which limits the potential losses in the event of insolvency. The amount and quality of the security will be a key factor in the investment decision. Covered bonds and reverse repurchase agreements with banks and building societies 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. The combined secured and unsecured

investments with any one counterparty will not exceed the cash limit for secured investments.

- 5.50 Banks and building societies (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. See below for arrangements relating to operational bank accounts.
- 5.51 Registered providers (unsecured): 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 regulated by the Regulator of Social Housing (in England), the Scottish Housing Regulator, the Welsh Government and the Department for Communities (in Northern Ireland). As providers of public services, they retain the likelihood of receiving government support if needed.
- 5.52 Money market funds: Pooled funds that offer same-day or short notice liquidity and very low or no price volatility by investing in short-term money markets. They have the advantage over bank accounts of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a small fee. Although no sector limit applies to money market funds, the Council will take care to diversify its liquid investments over a variety of providers to ensure access to cash at all times.
- 5.53 Strategic Pooled funds: Bond, equity and property funds that 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 the Council's investment objectives will be monitored regularly.
- 5.54 Real estate investment trusts: shares in companies that invest mainly in real estate and pay the majority of their rental income to investors in a similar manner to pooled property funds. As with the property funds, REITs offer enhanced returns over the longer term, but are more volatile especially as the share price reflects changing demand for the shares as well as changes in the value of the underlying properties. Investments in REIT shares cannot be withdrawn but can be sold on the stock market to another investor.
- 5.55 Other investments: This category covers treasury investments not listed above, for example unsecured corporate bonds and company loans. Non-bank companies cannot be bailed-in but can become insolvent placing the Council's investment at risk.
- 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 chance 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 2020, this is not generally reflected in credit ratings, but can be seen in other market measures. In these circumstances, the Council will restrict its investments to those organisations of higher credit quality and reduce the maximum duration of our investments to maintain the required level of security. The extent of these restrictions will be in line with prevailing financial market conditions. If these restrictions mean that insufficient commercial organisations of high credit quality are available to meet the Council's cash balances, then the surplus will be deposited with the UK Government via the Debt Management Office or

invested in government treasury bills for example or with other local authorities. This will cause investment returns to fall 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 2023-24.
- 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 £45 million as our minimum liquidity requirement. We also have a high-level cash flow projection over four years.

Interest rate risk

5.66 Interest rate risk is defined as “the risk that fluctuations in the levels of interest rates create an unexpected or unbudgeted burden on the organisation’s finances, against which the organisation has failed to protect itself adequately”. In local authorities this risk is therefore commonly considered in the context of the impact of changes in interest rates on the revenue account

5.67 Long term treasury management investments: the purpose of this indicator is to control the Council’s exposure to the risk of incurring losses by seeking early repayment of its investments. The limits on the long-term treasury management investments will be:

	2022-23 Approved	2023-24 Estimate	2024-25 Estimate	2025-26 Estimate
Upper limit for total principal sums invested for longer than a year	£50m	£50m	£50m	£50m

5.68 Long-term investments with no fixed maturity date include strategic pooled funds, and REITS but exclude money market funds and bank accounts with no fixed maturity date as these are considered long-term.

5.69 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, assessed using the appropriate credit rating for derivative exposures. 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 loan's 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 revenue 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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GENERAL FUND CAPITAL PROGRAMME - ESTIMATED EXPENDITURE 2022-23 to 2027-28

Ref	Directorate/Service and Capital Scheme name	Approved gross estimate (a) £000	Cumulative spend at 31-03-22 (b) £000	2022-23		Expenditure at P9 (e) £000	Projected exp est by project officer (f) £000	2023-24 Est for year (ii) £000	2024-25 Est for year (iii) £000	2025-26 Est for year (iv) £000	2026-27 Est for year (v) £000	2027-28 Est for year (v) £000	Future years est exp (g) £000	Projected expenditure total (b)+(f)+(g) = (h) £000	Grants / Contributions towards cost of scheme (i) £000	Funded from Reserves (j)	Net cost of scheme (h)-(i) -(j)= (k) £000
				Estimate approved by Council in February (c) £000	Revised estimate (d) £000												
APPROVED SCHEMES																	
COMMUNITY DIRECTORATE																	
	General Fund Housing																
	Disabled Facilities Grants		annual	605	605	371	605	605	605	-	-		1,210	1,815	(806)	-	1,009
	Better Care Fund		annual	-	-	203	-	-	-	-	-		-	-	-	-	-
	Home Improvement Assistance		annual	-	-	13	-	-	-	-	-		-	-	-	-	-
	Solar Energy Loans		annual	-	-	-	-	-	-	-	-		-	-	-	-	-
	BCF TESH Project		annual	-	-	-	-	-	-	-	-		-	-	-	-	-
	BCF Prevention grant		annual	-	-	3	-	-	-	-	-		-	-	-	-	-
	SHIP		annual	-	-	-	-	-	-	-	-		-	-	-	-	-
	General Grants to HAs		annual	100	100	-	-	100	100	-	-		200	200	-	-	200
	Asset Management			-	-	-	-	-	-	-	-		-	-	-	-	-
ED14(e)	Void investment property refurbishment works	570	503	-	55	-	55	-	-	-	-		-	570	-	-	570
ED15	1 Middleton void works				9	-	9	-	-	-	-		-	-	-	-	-
	C4 41 Moorfield Road Slyfield void works(complete)			10	3	3	3	-	-	-	-		-	-	-	-	-
ED14	10 Middleton void works	230	222	-	8	-	8	-	-	-	-		230	(100)	-	-	130
ED21	Methane gas monitoring system	100	48	51	52	-	-	52	-	-	-		52	100	-	-	100
ED22	Energy efficiency compliance - Council owned properties	245	82	163	163	3	30	133	-	-	-		133	245	-	-	245
ED26	Bridges -Inspections and remedial works	317	203	90	114	27	114	-	-	-	-		-	317	-	-	317
ED41	The Billings roof	200	192	-	8	4	8	-	-	-	-		-	200	-	-	200
ED53	Tyting Farm Land-removal of barns and concrete hardstanding	200	143	57	57	-	-	57	-	-	-		57	200	-	-	200
COMMUNITY DIRECTORATE TOTAL		1,862	1,394	1,076	1,173	627	831	947	705	0	0	0	1,652	3,878	-906		2,972
ENVIRONMENT DIRECTORATE																	
Operational Services																	
OP1/OP20	Flood resilience measures (use in conjunction with grant funded schemes)	445	324	121	121	-	121	-	-	-	-		-	445	-	-	445
OP5	Mill Lane (Pirbright) Flood Protection Scheme(no longer reqd)	71	55	16	16	-	-	-	-	-	-		-	55	(19)	-	36
OP6	Vehicles, Plant & Equipment Replacement Programme	10,665	10,395	-	270	99	121	149	-	-	-		149	10,665	(26)	-	10,639
OP26	Marrow lane grille & headwall construction	60	3	57	57	-	57	-	-	-	-		-	60	-	-	60
OP28	Crown court CCTV	10	-	10	10	-	10	-	-	-	-		-	10	-	-	10
OP22	Town Centre CCTV upgrade	250	-	250	250	-	125	125	-	-	-		125	250	-	-	250
OP24	Yorkies Bridge Lighting	20	-	20	20	12	20	-	-	-	-		-	20	-	-	20
Parks and Leisure																	
PL20(c)	Redevelopment of Westborough and Park barn play area	320	-	320	320	-	-	320	-	-	-		320	320	-	-	320
PL34	Stoke cemetery re-tarmac	122	-	122	122	55	122	-	-	-	-		-	122	-	-	122
PL57	Parks and Countryside - repairs and renewal of paths,roads and car parks	355	256	97	99	71	99	-	-	-	-		-	355	-	-	355
PL58	Shalford Common - regularising car parking/reduction of encroachments	121	29	30	32	-	-	92	-	-	-		92	121	-	-	121
PL60	Traveller encampments	53	-	28	53	-	27	26	-	-	-		26	53	-	-	53
PL60	Traveller transit site provision	127	-	127	127	-	127	-	-	-	-		-	127	-	-	127
	Works to Weir		418	-	-	-	-	-	-	-	-		-	418	-	-	418
PL61	Stoke Park Paddling Pool	170	-	170	170	168	170	-	-	-	-		-	170	-	-	170
PL62	Lido - Drainage Works	2,100	2	-	2,098	251	1,845	200	53	-	-		253	2,100		(1,500)	600

GENERAL FUND CAPITAL PROGRAMME - ESTIMATED EXPENDITURE 2022-23 to 2027-28

Ref	Directorate/Service and Capital Scheme name	Approved gross estimate (a) £000	Cumulative spend at 31-03-22 (b) £000	2022-23			Expenditure at P9 (e) £000	Projected exp est by project officer (f) £000	2023-24 Est for year (ii) £000	2024-25 Est for year (iii) £000	2025-26 Est for year (iv) £000	2026-27 Est for year (v) £000	2027-28 Est for year (v) £000	Future years est exp (g) £000	Projected expenditure total (b)+(f)+(g) = (h) £000	Grants / Contributions towards cost of scheme (i) £000	Funded from Reserves (j) (1,500)	Net cost of scheme (h)-(i)-(j) = (k) £000
				Estimate approved by Council in February (c) £000	Revised estimate (d) £000	2022-23 Est for year (ii) £000												
ENVIRONMENT TOTAL DIRECTORATE		14,889	11,482	1,368	3,765	656	2,844	912	53	-	-	-	965	15,291	(45)	(1,500)	13,746	
FINANCE DIRECTORATE																		
FS1	Financial Services Capital contingency fund	annual	-	2,000	1,340	-	1,340	2,000	2,000	2,000	2,000	2,000	10,000	11,340	-		11,340	
RESOURCES DIRECTORATE TOTAL		0	0	2,000	1,340	0	1,340	2,000	2,000	2,000	2,000	2,000	10,000	11,340	0		11,340	
DEVELOPMENT/INCOME GENERATING/COST REDUCTION PROJECTS																		
Development / Infrastructure																		
ED54	Rodboro Buildings - electric theatre through road and parking	416	36	370	369	3	1	379	-	-	-	-	379	416	-		416	
P5	Walnut Bridge replacement	5,098	4,567	500	530	705	530	-	-	-	-	-	5,098	(2,456)	(950)		1,691	
	SMC(West) Phase 1	1,967	1,785	200	182	7	182	-	-	-	-	-	1,967	(914)			1,053	
P22	Ash Bridge Land acquisition	145	145	-	0	157	0	-	-	-	-	-	145	-			145	
P21	Ash Road Bridge	33,745	6,349	14,393	18,983	1,950	5,088	22,308	-	-	-	-	22,308	33,745	(30,400)		3,345	
P21	Ash Road Footbridge	500	58	255	406	36	406	36	-	-	-	-	36	500	-	-	500	
	Broadband for Surrey Hills (B4SH)	60	3		60	44	60											
P11	Guildford West (PB) station	500	-	500	500	-	250	250	-	-	-	-	250	500	-		500	
Development Financial																		
	Investment in North Downs Housing (60%)	15,180	13,717	1,073	1,463	1,463	1,463	-	-	-	-	-	-	15,180	-		15,180	
	Equity shares in Guildford Holdings Ltd (40%)	10,120	9,154	710	966	966	966	-	-	-	-	-	-	10,120	-		10,120	
ED49	Middleton Ind Est Redevelopment	14,907	9,310	5,557	5,597	2,687	5,222	300	75	-	-	-	375	14,907	-		14,907	
P12	Property acquisitions	33,520	8,767	24,992	24,753	16	800	23,953	-	-	-	-	23,953	33,520	-		33,520	
PL9	Rebuild Crematorium	11,036	10,927	-	109	6	109	-	-	-	-	-	11,036	-			11,036	
ED27	North Street Development / Guild Town Centre regeneration	1,627	1,473	150	154	98	154	-	-	-	-	-	1,627	(250)			1,377	
P22	Shaping Guildford Future (SGF)	4,170		1,530	2,630	3	1,530	2,640					2,640	4,170			4,170	
ED32	Internal Estate Road - CLLR Phase 1	11,139	10,946	-	193	-	193	-	-	-	-	-	11,139	(5,107)			6,032	
P	ED6	Slyfield Area Regeneration Project (SARP)	98,444	21,444	52,730	53,725	5,605	36,000	21,161	-	-	-	21,161	98,644	(24,431)		74,213	
	ED6	WUV - Allotment relocation	200	2,641	-	-	497	-	-	-	-	-	-	-	-		-	
	ED6	WUV - Int roads, Site clearance	-	1	-	-	-	-	-	-	-	-	-	-	-		-	
	ED6	WUV - New GBC Depot	2,480	1,628	-	852	743	852	-	-	-	-	-	2,480	-		2,480	
	ED6	WUV - Thames Water relocation	-	16,307	-	-	3,850	-	-	-	-	-	-	-	-		-	
	ED6	WUV - Land Purchase	-	1,091	-	-	-	-	-	-	-	-	-	-	-		-	
DEVELOPMENT/INCOME GENERATING/COST REDUCTION PROJECTS TOTAL		245,254	120,348	102,960	111,473	18,835	53,807	71,027	75	0	0	0	71,102	245,194	-63,558	-950	180,686	
APPROVED SCHEMES TOTAL		262,005	133,224	107,404	117,751	20,118	58,822	74,886	2,833	2,000	2,000	2,000	83,719	275,703	-64,509	-2,450	208,744	
non-development projects total		16,751	12,876	4,444	6,278	1,283	5,016	3,859	2,758	2,000	2,000	2,000	12,617	30,509	-951	-1,500	28,058	
development/infrastructure - non-financial benefit		42,431	12,943	16,218	21,030	2,901	6,517	22,973	0	0	0	0	22,973	42,371	-33,770	-950	7,651	
development- financial benefit		202,823	107,405	86,742	90,442	15,934	47,289	48,054	75	0	0	0	48,129	202,823	-29,788	0	173,035	
TOTAL		262,005	133,224	107,404	117,751	20,118	58,822	74,886	2,833	2,000	2,000	2,000	83,719	275,703	-64,509	-2,450	208,744	

GENERAL FUND CAPITAL PROGRAMME - ESTIMATED EXPENDITURE 2022-23 to 2027-28

Ref	Directorate / Service Units Capital Schemes	Gross estimate approved by Executive (a) £000	Cumulative spend at 31-03-22 (b) £000	2022-23	Revised estimate (e) £000	Expenditure at P9 (f) £000	Projected expenditure by project officer (g) £000	2023-24 Est	2024-25 Est	2025-26 Est	2026-27 Est	2027-28 Est	2028-29 Est	2029-30 Est	2030-31 est for yr and SARP to 3233	Future years estimated expenditure (h) £000	Projected expenditure total (b)+(g)+(h)=(i) £000	Grants or Contributions towards cost of scheme (j) £000	Net total cost of scheme to the Council (i) - (j) = (k) £000
				Estimate approved by Council in February (c) £000				for year (i) £000	for year (ii) £000	for year (iii) £000	for year (iv) £000	for year (v) £000	for year (v) £000	for year (v) £000	for year (v) £000				
PROVISIONAL SCHEMES (schemes approved in principle; further report to the Executive required)																			
COMMUNITY DIRECTORATE																			
Asset Management																			
ED21(P)	Methane gas monitoring system	150	-	-	-	-	-	150	-	-	-	-	-	-	-	150	150	-	150
ED22(P) CP5	Energy efficiency compliance - Council owned properties & Energy & CO2 reduction in Council non HRA properties	3,218	-	1,268	1,268	-	-	2,718	500	-	-	-	-	-	-	3,218	3,218	-	3,218
ED26(P)	Bridges	370	-	370	370	-	370	-	-	-	-	-	-	-	-	-	370	-	370
ED48(p)	Westfield/Moorfield rd resurfacing	3,152	-	-	-	-	-	-	-	3,152	-	-	-	-	-	3,152	3,152	-	3,152
ED56(p)	Land to the rear of 39-42 Castle Street	10	-	10	10	-	10	-	-	-	-	-	-	-	-	-	10	-	10
Office Services																			
BS3(p)	Millmead House - M&E plant renewal	33	-	33	33	-	33	-	-	-	-	-	-	-	-	-	33	-	33
COMMUNITY DIRECTORATE TOTAL		6,933	-	1,681	1,681	-	413	2,868	500	3,152	-	-	-	-	-	6,520	6,933	-	6,933
ENVIRONMENT DIRECTORATE																			
Operational Services																			
OP6(P)	Vehicles, Plant & Equipment Replacement Programme	24,000	-	3,280	2,500	-	-	2,900	2,500	5,000	3,000	6,500	1,500	2,000	600	24,000	24,000	-	24,000
OP21(P)	Surface water management plan	200	-	-	-	-	-	200	-	-	-	-	-	-	-	200	200	-	200
OP22(P)	YMCA Lighting	24	-	24	24	-	24	-	-	-	-	-	-	-	-	-	24	-	24
OP23(p)	Millmead House Lifts	200	-	200	200	-	200	-	-	-	-	-	-	-	-	-	200	-	200
Parks and Leisure																			
PL18(P)	Refurbishment / rebuild Sutherland Memorial Park Pavilion	150	-	-	-	-	-	-	150	-	-	-	-	-	-	150	150	-	150
PL45(p)	Stoke Pk gardens water feature refurb	40	-	40	40	-	-	40	-	-	-	-	-	-	-	40	40	(29)	11
PL57(p)	Parks and Countryside - repairs and renewal of paths,roads and car	1,382	-	382	382	-	-	250	250	250	250	382	-	-	-	1,382	1,382	-	1,382
PL59(p)	Millmead fish pass	60	-	60	60	-	60	-	-	-	-	-	-	-	-	-	60	-	60
PL61(p)	Albury Closed Burial Ground(no longer reqd)	60	-	57	57	-	-	-	-	-	-	-	-	-	-	-	-	-	-
PL62(p)	Chilworth Gunpowder Mills	180	-	175	175	-	10	165	5	-	-	-	-	-	-	170	180	-	180
PL63(p)	Memorial Wall	100	-	100	100	-	-	-	-	100	-	-	-	-	-	100	100	-	100
PL34(p)	Stoke cemetery re-tarmac	18	-	18	18	-	18	-	-	-	-	-	-	-	-	-	18	-	18
ENVIRONMENT DIRECTORATE TOTAL		26,414	-	4,336	3,556	-	312	3,555	2,905	5,350	3,250	6,882	1,500	2,000	600	26,042	26,354	(29)	26,325
DEVELOPMENT/INCOME GENERATING/COST REDUCTION PROJECTS																			
Development / Infrastructure																			
	Investment in North Downs Housing	30,100	-	5,518	5,518	-	-	5,518	12,539	-	-	-	-	-	-	18,057	18,057	-	18,057
	Equity shares in Guildford Holdings Ltd	-	-	3,683	3,683	-	-	3,683	8,360	-	-	-	-	-	-	12,043	12,043	-	12,043
P10(p)	Sustainable Movement Corridor	150	-	-	-	-	-	-	150	-	-	-	-	-	-	150	150	-	150
P11(p)	Guildford West (PB) station	1,000	-	1,000	1,000	-	-	1,000	-	-	-	-	-	-	-	1,000	1,000	-	1,000
P17(p)	Bus station relocation	500	-	-	-	-	-	-	500	-	-	-	-	-	-	500	500	-	500
P21(p)	Ash Road Footbridge	4,521	-	-	-	-	-	183	4,288	50	-	-	-	-	-	4,521	4,521	-	4,521
Development Financial																			
P ED16(P)	Slyfield Area Regeneration Project (SARP) (GBC share)	222,684	-	-	-	-	-	73,584	28,697	34,881	24,342	22,271	14,910	17,909	-	216,594	216,594	(13,704)	202,890
ED38(P)	North Street development	1,350	-	-	-	-	-	150	50	50	50	50	50	950	-	1,350	1,350	-	1,350
P12(p)	Property acquisitions	38,292	-	28,292	28,292	-	-	28,292	10,000	-	-	-	-	-	-	38,292	38,292	-	38,292
DEVELOPMENT/INCOME GENERATING/COST REDUCTION PROJECTS TOTAL		298,597	-	38,493	38,493	-	-	112,410	64,584	34,981	24,392	22,321	14,960	18,859	-	292,507	292,507	(13,704)	278,803
PROVISIONAL SCHEMES - GRAND TOTALS		331,944	-	44,510	43,730	-	725	118,833	67,989	43,483	27,642	29,203	16,460	20,859	600	325,069	325,794	(13,733)	312,061
non development projects		33,347	-	6,017	5,237	-	725	6,423	3,405	8,502	3,250	6,882	1,500	2,000	600	32,562	33,287	(29)	33,258
development/infrastructure - non-financial benefit		36,271	0	10,201	10,201	0	0	10,384	25,837	50	0	0	0	0	0	36,271	36,271	0	36,271
development- financial benefit		262,326	0	28,292	28,292	0	0	102,026	38,747	34,931	24,392	22,321	14,960	18,859	0	256,236	256,236	-13,704	242,532

GENERAL FUND CAPITAL PROGRAMME - ESTIMATED EXPENDITURE 2022-23 to 2027-28

Ref	Directorate / Service Units Capital Schemes	Gross estimate approved by Executive	Cumulative spend at 31-03-22	2022-23 Estimate approved by Council in February	Revised estimate	Expenditure at P9	Projected exp est by project officer	2023-24 Est for year	2024-25 Est 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	2030-31 est for yr and SARP to 3233	Future years estimated expenditure	Projected expenditure total	Grants or Contributions towards cost of scheme	Net total cost of scheme to the Council
		(a) £000	(b) £000	(c) £000	(e) £000	(f) £000	(g) £000	(i) £000	(ii) £000	(iii) £000	(iv) £000	(v) £000	(v) £000	(v) £000	(v) £000	(h) £000	(b)+(g)+(h)=(i) £000	(j) £000	(i) - (j) = (k) £000
PROVISIONAL SCHEMES (schemes approved in principle; further report to the Executive required)																			
TOTAL		331,944	0	44,510	43,730	0	725	118,833	67,989	43,483	27,642	29,203	16,460	20,859	600	325,069	325,794	-13,733	312,061

GENERAL FUND CAPITAL SCHEMES - PROJECTS FUNDED VIA RESERVES: ESTIMATED EXPENDITURE 202

Item No.	Projects & Sources of Funding	Approved gross estimate	Cumulative spend at 31-03-22	2022-23 Estimate approved by Council in February	Revised estimate	Expenditure at P9	Projected exp est by project officer	2023-24 Est for year	2024-25 Est for year	2025-26 Est for year	2026-27 Est for year	2027-28 Est for year	Future years est exp	Projected expenditure total
		(a)	(b)	(c)		(e)	(f)	(i)	(ii)	(iii)	(iv)	(v)	(g)	(b)+(f)+(g) = (h)
		£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
COMMUNITY DIRECTORATE														
ENERGY PROJECTS per SALIX RESERVE:(PR220)														
R-EN12	LED lighting	44		-	44	-	44	-	-	-	-	-	-	44
R-EN14	MILLMEAD HOUSE & FARNHAM ROAD CP - PV	192	155		38	4	38	-	-	-	-	-	-	192
R-EN15	FARNHAM ROAD CP- PV													
ENERGY PROJECTS per GBC INVEST TO SAVE RESERVE: GBC 'Invest to Save' energy projects (to be repaid in line with savings)														
R-EN14	SMP - air source heat pump	28	1	-	27	-	27	-	-	-	-	-	-	28
ENERGY RESERVES TOTAL		264	155	-	109	4	109	-	-	-	-	-	-	264
FINANCE DIRECTORATE														
INFORMATION TECHNOLOGY - IT Renewals Reserve (PR265) : approved annually														
Hardware / software budget		500		303	303	-	303	440	-	-	-	-	440	743
R-IT1	Hardware	annual	annual	-	-	35	-	-	-	-	-	-	-	-
R-IT2	Software	annual	annual	-	-	477	-	-	-	-	-	-	-	-
ICT Refresh Phase 2				197	197	14	197	60	-	-	-	-	60	257
R-IT3	IDOX Acolaid to Uniform	275		-	275	-	-	275	-	-	-	-	275	275
R-IT4	LCTS alternative	56		-	56	-	0	56	-	-	-	-	56	56
IT RENEWALS RESERVE TOTAL		831	-	500	831	527	500	831	-	-	-	-	831	1,331
ENVIRONMENT DIRECTORATE														
SPECTRUM RESERVE														
R-S14	Spectrum schemes (to be agreed with Freedom Leisure)	431	168	263	263	-	-	-	-	-	-	-	-	168
Spectrum - Retaining Wall		204	170		34	-	34	-	-	-	-	-	-	204
Lido - Drainage Works (moved to Main approved)		-	-		-	-	-	-	-	-	-	-	-	-
SPECTRUM RESERVE TOTAL		635	338	263	297	-	34	-	-	-	-	-	-	372
CAR PARKS RESERVE														
R-CP1	Car parks - install/replace pay-on-foot equipment	1,170	240	-	-	-	-	-	930	-	-	-	930	1,170
R-CP20	Car Parks - Lighting & Electrical improvements:													
R-CP14	Lift replacement (PR000293)	841	716	-	125	-	125	-	-	-	-	-	-	841
R-CP19	Structural works to MSCP	300	50	250	250	-	100	-	-	-	-	-	-	150
R-CP20	MSCP- Deck surface replacement & barriers	652	526	-	126	-	126	-	-	-	-	-	-	652
R-CP21	Additional barriers Farnham Rd	15		15	15	-	15	-	-	-	-	-	-	15
R-CP22	Deck surface replacement (stair cores)Farnham Rd	70		70	70	-	70	-	-	-	-	-	-	70

GENERAL FUND CAPITAL SCHEMES - PROJECTS FUNDED VIA RESERVES: ESTIMATED EXPENDITURE 202

Item No.	Projects & Sources of Funding	Approved gross estimate	Cumulative spend at 31-03-22	2022-23		Expenditure at P9	Projected exp est by project officer	2023-24 Est for year	2024-25 Est for year	2025-26 Est for year	2026-27 Est for year	2027-28 Est for year	Future years est exp	Projected expenditure total
				Estimate approved by Council in February	Revised estimate									
		(a)	(b)	(c)		(e)	(f)	(i)	(ii)	(iii)	(iv)	(v)	(g)	(b)+(f)+(g) = (h)
		£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
R-CP23	Deck surface replacement Leapale Rd(complete)	600	603	15	(3)	-	-	-	-	-	-	-	-	603
R-CP25	Structural repairs roof turret timbers Castle St	210		205	205	-	-	200	10	-	-	-	210	210
	Car Park Lighting	300		300	300	296	300	-					-	300
	CAR PARKS RESERVE TOTAL	4,158	2,135	855	1,088	296	736	200	940	-	-	-	1,140	4,011
	SPA RESERVE :													
	SPA schemes (various)	100	annual	-	151	-	151	-	-	-	-	-	-	151
R-SPA1	Chantry Woods					-	-							-
R-SPA2	Effingham					-	-							-
R-SPA3	Lakeside					-	-							-
R-SPA4	Riverside					-	-							-
R-SPA5	Parsonage					-	-							-
	SPA RESERVE TOTAL	100	-	-	151	-	151	-	-	-	-	-	-	151
	GRAND TOTALS	5,988	2,628	1,618	2,476	827	1,530	1,031	940	-	-	-	1,971	6,129

FUNDING SUMMARY	
Reserves (various)	
Grants & contributions	
TOTALS	

Estimate approved by Council in February	Revised estimate	Expenditure at P9	Projected exp est by project officer	2023-24 Est for year	2024-25 Est for year	2025-26 Est for year	2026-27 Est for year	2027-28 Est for year
£000	£000	£000	£000	£000	£000	£000	£000	£000
1,618	2,325	827	1,379	1,031	940	-	-	-
-	151	-	151	-	-	-	-	-
1,618	2,476	827	1,530	1,031	940	-	-	-

GENERAL FUND CAPITAL PROGRAMME - S106 ESTIMATED EXPENDITURE 2022-23 to 2027-28

Ref	Service Units / Capital Schemes	Approved gross estimate	Cumulative spend at 31-03-22	2021-22	Revised estimate	Expenditure at P9	Projected exp est by project officer	2023-24	2024-25	2025-26	2026-27	2027-28	Future years est exp	Projected expenditure total
				Estimate approved by Council in February				Est for year	Est for year	Est for year	Est for year	Est for year	(g)	
		(a)	(b)	(c)	(d)	(e)	(f)	(i)	(ii)	(iii)	(iv)	(v)	(g)	(b)+(f)+(g) = (h)
		£000	£000	£000		£000	£000	£000	£000	£000	£000	£000	£000	£000
	APPROVED SCHEMES (fully funded from S106 contributions)													
	ENVIRONMENT DIRECTORATE													
	Operational Services													
	Parks and Leisure													
S-PL36	Gunpowder mills - signage, access and woodland imps	36	22	9	14	-	0	14	-	-	-	-	14	36
S-PL38	Chantry Wood Campsite	36		36	36	-	-	36	-	-	-	-	36	36
S-PL51	Foxenden Quarry	101	13		87	28	28	59					59	100
S-PL48	Boardwalk Heathfield Nature Reserve	13		13	13	-	-	13					13	13
S-PL49	Waterside Playarea Muti Unit(complete)	30	28		2	2	2	-					-	30
S-PL50	Albury Playground Equip (PC)	23	17		5	-	5	-					-	23
S-PL53	Pirbright (PC) Drainage Works/Playground surfacing	10	11		-	0	0							11
S-PL51	West Horsley PC - Litterbins				1	1	1							1
S-PL52	Kings College Sports Facilities	226			226	226	226							226
	ENVIRONMENT DIRECTORATE TOTAL	475	91	58	385	258	263	122	-	-	-	-	122	477
	APPROVED S106 SCHEMES TOTAL	475	91	58	385	258	263	122	-	-	-	-	122	477

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 2021-22 have not 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)

	2021-22 Actuals £000	2022-23 Budget £000	2022-23 Est Outturn £000	2023-24 Estimate £000	2024-25 Estimate £000	2025-26 Estimate £000	2026-27 Estimate £000	2027-28 Estimate £000
Balance as at 1 April	112	0	127	0	0	0	0	0
Add estimated usable receipts in year	984	0	(127)	0	0	21,641	27,117	22,593
Less applied re funding of capital schemes	(969)	0	(0)	0	0	(21,641)	(27,117)	(22,593)
Balance after funding capital expenditure as at 31 March	127	0	0	0	0	0	0	0

during year = outturn (col v, actual = col u)

3.0 Capital expenditure and funding - summary

	2021-22 Actuals £000	2022-23 Budget £000	2022-23 Est Outturn £000	2023-24 Estimate £000	2024-25 Estimate £000	2025-26 Estimate £000	2026-27 Estimate £000	2027-28 Estimate £000
<u>Estimated capital expenditure</u>								
Main programme - approved	38,096	107,404	58,822	74,886	2,833	2,000	2,000	2,000
Main programme - provisional s106	0	44,510	725	118,833	67,989	43,483	27,642	29,203
Reserves	72	58	263	122	0	0	0	0
GF Housing	1,609	1,618	1,530	1,031	940	0	0	0
Total estimated capital expenditure	39,777	153,590	61,340	194,872	71,762	45,483	29,642	31,203
To be funded by:								
Capital receipts (per 2.above)	(969)	0	(0)	0	0	(21,641)	(27,117)	(22,593)
Contributions	(12,936)	(47,472)	(19,758)	(46,336)	(4,589)	(1,020)	0	0
<u>R.C.C.O. :</u>								
Other reserves	(1,609)	(1,838)	(2,979)	(1,131)	(1,160)	(220)	0	0
	0	0	0	0	0	0	0	0
	(15,513)	(49,310)	(22,737)	(47,467)	(5,749)	(22,881)	(27,117)	(22,593)
Balance of funding to be met from (i) the Capital Reserve, and (ii) borrowing	(24,264)	(104,280)	(38,603)	(147,405)	(66,013)	(22,602)	(2,525)	(8,610)

Total funding required

(39,777)	(153,590)	(61,340)	(194,872)	(71,762)	(45,483)	(29,642)	(31,203)
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4.0 General Fund Capital Schemes Reserve (U01030)

	2021-22 Actuals £000	2022-23 Budget £000	2022-23 Est Outturn £000	2023-24 Estimate £000	2024-25 Estimate £000	2025-26 Estimate £000	2026-27 Estimate £000	2027-28 Estimate £000
Balance as at 1 April	0	0	0	0	0	0	0	0
Add: General Fund Revenue Budget variations	0	0	0	0	0	0	0	0
Contribution from revenue	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0
Less: Applied re funding of capital programme	0	0	0	0	0	0	0	0
Balance after funding capital expenditure etc.as at 31 March	0	0	0	0	0	0	0	0

Estimated shortfall at year-end to be funded from borrowing

24,264	104,280	38,603	147,405	66,013	22,602	2,525	8,610
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5.0 Housing capital receipts (pre 2013-14) - estimated availability/usage for Housing, Affordable Housing and Regeneration projects - GBC policy

Balance as at 1 April (T01008)
 Add: Estimated receipts in year
 Less: Applied re Housing (General Fund) capital programme
 Less: Applied re Housing company

 Less: Applied on regeneration schemes
Housing receipts - estimated balance in hand at year end

	2021-22 Actuals £000	2022-23 Budget £000	2022-23 Est Outturn £000	2023-24 Estimate £000	2024-25 Estimate £000	2025-26 Estimate £000	2026-27 Estimate £000	2027-28 Estimate £000
Balance as at 1 April (T01008)	0	0	0	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	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0
Less: Applied on regeneration schemes	0	0	0	0	0	0	0	0
Housing receipts - estimated balance in hand at year end	0	0	0	0	0	0	0	0

5.1 Housing capital receipts (post 2013-14) - estimated availability/usage for Housing, Affordable Housing and Regeneration projects only (statutory (impact CFR))

Balance as at 1 April (T01012)
 Add: Estimated receipts in year
 Less: Applied re Housing (General Fund) capital programme
 Less: Applied re Housing Improvement programme

 Less: Applied on regeneration schemes
Housing receipts - estimated balance in hand

	2021-22 Actuals £000	2022-23 Budget £000	2022-23 Est Outturn £000	2023-24 Estimate £000	2024-25 Estimate £000	2025-26 Estimate £000	2026-27 Estimate £000	2027-28 Estimate £000
Balance as at 1 April (T01012)	0	0	0	0	0	0	0	0
Add: Estimated receipts in year	802	289	0	289	292	295	298	301
Less: Applied re Housing (General Fund) capital programme	(752)	(220)	(100)	(100)	(220)	(220)	(220)	(220)
Less: Applied re Housing Improvement programme	(50)	(69)	100	(189)	(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
Housing receipts - estimated balance in hand	0	0	0	0	0	0	0	0

Total £'000s

6.1 Estimated annual borrowing requirement

24,264	104,280	38,603	147,405	66,013	22,602	2,525	8,610	285,758
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GUILDFORD B.C. - HOUSING INVESTMENT PROGRAMME 2022-23 to 2027-28: HRA APPROVED PROGRAMME

	Project Budget	2021-22 Actual	Project Spend at 31-03-22	2022-23 Estimate	Carry Forward	2022-23 Revised Estimate	Expenditure as at P9	2022-23 Projected Outturn	2023-24 Estimate	2024-25 Estimate	2025-26 Estimate	2026-27 Estimate	2027-28 Estimate	Total Project Exp
	£000	£000	£000	£000		£000	£000	£000	£000	£000	£000	£000	£000	£000
Acquisition of Land & Buildings	22,900	6,804	14,218	4,800	(118)	4,682	2,184	4,682	4,000	0	0	0	0	22,900
New Build														
Guildford Park	75	0	75	0	0	0			0	0	0	0	0	75
Guildford Park (from GF)	6,500	378	3,526	1,100	608	1,708	1,226	1,890	1,084	0	0	0	0	6,500
Bright Hill	500	17	17	463	20	483	45	60	423	0	0	0	0	500
Foxburrows Redevelopment	10,657			9,591	0	9,591	0	0	9,591	1,066				10,657
Shawfield Redevelopment	300		4	296	0	296	0	0	296					300
Various small sites & feasibility/Site preparation	1,000		0	0	0	0	0	0	0	1,000	0	0	0	1,000
Pipeline projects:	9,425		115	0	100	100		0	3,422	5,381	0	0	0	9,425
Manor House Flats		42	42	1,530		1,530	18	144						
Banders Rise		1	1	130		130	4	30						
Station Road East		2	2	112		112	4	30						
Dunmore Garden Land		1	1	159		159	4	24						
Clover Road Garages		46	46	1,032		1,032	9	42						
Rapleys Field		18	18	415		415	10	40						
Georgelands 108		1	1	118		118	4	17						
27 Broomfield		4	4	109		109	4	30						
17 Wharf Lane		4	4	104		104	4	30						
Development Projects	7,100			7,100		7,100		0	7,100					7,100
Schemes to promote Home-Ownership														
Equity Share Re-purchases	annual	458	annual	400	0	400	0	400	400	400	400	0	0	annual
Major Repairs & Improvements				24,500	0	24,500	0	0						
Retentions & minor carry forwards	annual	0	annual				0	0						annual
Modern Homes - Kitchens, Bathrooms & Void refurb	annual	971	annual				3,724	6,000						annual
Doors and Windows	annual	241	annual				237	3,200						annual
Structural/Roof	annual	307	annual				709	3,800						annual
Energy efficiency: Central heating/Lighting	annual	1,262	annual				1,155	1,800						annual
General	annual	880	annual				7,372	9,700						annual
ICT - Housing Management System	950			950		950		950	950	0				1,900
Grants														
Cash Incentive Scheme	annual	0	annual	0	0	0	0	0						annual
TOTAL APPROVED SCHEMES	59,407	11,438	18,074	52,909	610	53,519	16,713	32,869	27,266	7,847	400	0	0	60,356

GUILDFORD B.C. - HOUSING INVESTMENT PROGRAMME 2022-23 to 2027-28: HRA PROVISIONAL PROGRAMME

Project Budget £000	2021-22 Actual £000	Project Spend at 31-03-22 £000	2022-23 Estimate £000	Carry Forward	2022-23 Revised Estimate	2022-23 Projected Outturn £000	2023-24 Estimate £000	2024-25 Estimate £000	2025-26 Estimate £000	2026-27 Estimate £000	2027-28 Estimate £000	Total Project Exp £000
New Build												
Guildford Park	16,000	0	1,225	26	0	26	0	0	14,775	0	0	16,000
Guildford Park (from GF)	23,125	0	0	0	0	0	1,173	13,749	8,203	0	0	23,125
Bright Hill	3,000	0	0	3,000	0	3,000	0	3,000	0	0	0	3,000
Bright Hill Development (from GF)	13,500	0	0	680	0	680	0	5,680	7,000	820	0	13,500
Slyfield (25/26 £5m; 26/27 £44m)	50,000	0	0	1,000	0	1,000	0	0	5,000	44,000	0	49,000
Shawfield Redevelopment	3,000	0	0	2,500	0	2,500	0	500	0	0	0	500
Major Repairs & Improvements												
Major Repairs & Improvements	annual		annual	0	0	0	0	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
Grants												
Cash Incentive Scheme	annual		annual	75		75	75	75	75	75	75	annual
Total Expenditure to be financed	108,625	0	1,225	7,281	0	7,281	75	15,928	26,324	34,373	49,575	105,125

GUILDFORD B.C. - HOUSING INVESTMENT PROGRAMME 2022-23 to 2027-28: HRA RESOURCES AND FUNDING STATEMENT

	2021-22 Actual £000	2022-23 Estimate £000	2022-23 Projected Outturn £000	2023-24 Estimate £000	2024-25 Estimate £000	2025-26 Estimate £000	2026-27 Estimate £000	2027-28 Estimate £000
EXPENDITURE								
Approved programme	15,739	52,909	32,869	27,266	7,847	400	0	0
Provisional programme	0	7,281	75	15,928	26,324	34,373	49,575	5,575
Total Expenditure	15,739	60,190	32,944	43,194	34,171	34,773	49,575	5,575
FINANCING OF PROGRAMME								
Capital Receipts	752	400	400	400	400	400	0	0
1-4-1 receipts	2,980	8,140	2,808	8,094	3,030	3,121	3,213	0
Contribution from Housing Revenue a/c (re cash incentives)	0	75	75	75	75	75	75	75
Future Capital Programme reserve	0	11,547	11,547	6,414	8,248	8,398	14,387	0
Major Repairs Reserve	8,153	13,903	13,903	6,450	5,500	5,500	5,500	5,500
New Build Reserve	3,824	26,125	4,211	21,761	16,918	17,279	26,400	0
Grants and Contributions	30	0	0	0	0	0	0	0
Total Financing (= Total Expenditure)	15,739	60,190	32,944	43,194	34,171	34,773	49,575	5,575
RESERVES - BALANCES								
	2021-22 Actual £000	2022-23 Estimate £000	2022-23 Projected Outturn £000	2023-24 Estimate £000	2024-25 Estimate £000	2025-26 Estimate £000	2026-27 Estimate £000	2027-28 Estimate £000
Reserve for Future Capital Programme (U01035) Ju								
Balance b/f	38,329	40,829	40,829	31,782	27,868	22,120	16,222	4,335
Contribution in year	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500
Used in year	0	-11,547	-11,547	-6,414	-8,248	-8,398	-14,387	
Balance c/f	40,829	31,782	31,782	27,868	22,120	16,222	4,335	6,835
Major Repairs Reserve (U01036)								
Balance b/f	11,876	8,378	9,588	1,210	285	285	285	285
Contribution in year	5,865	5,525	5,525	5,525	5,500	5,500	5,500	5,500
Used in Year	-8,153	-13,903	-13,903	-6,450	-5,500	-5,500	-5,500	-5,500
Balance c/f	9,588	0	1,210	285	285	285	285	285
New Build Reserve (U01069)								
Balance b/f	59,383	62,477	63,398	66,261	52,882	44,515	35,958	18,454
Contribution in year	7,839	8,383	7,074	8,383	8,551	8,722	8,896	9,074
Used in Year	-3,824	-26,125	-4,211	-21,761	-16,918	-17,279	-26,400	0
Balance c/f	63,398	44,735	66,261	52,882	44,515	35,958	18,454	27,528
Usable Capital Receipts: 1-4-1 receipts (T01011)								

GUILDFORD B.C. - HOUSING INVESTMENT PROGRAMME 2022-23 to 2027-28: HRA RESOURCES AND FUNDING STATEMENT

	2021-22 Actual	2022-23 Estimate	2022-23 Projected Outturn	2023-24 Estimate	2024-25 Estimate	2025-26 Estimate	2026-27 Estimate	2027-28 Estimate
	£000	£000	£000	£000	£000	£000	£000	£000
Balance b/f	4,526	5,412	5,226	5,630	413	465	518	573
Contribution in year	3,680	2,728	3,211	2,876	3,083	3,174	3,268	3,334
Repayment in year	0	0	0	0	0	0	0	0
Used in Year	-2,980	-8,140	-2,808	-8,094	-3,030	-3,121	-3,213	
Balance c/f	5,226	0	5,630	413	465	518	573	3,907

Note: a contribution to this reserve is dependent on the number of RTB sales in the year determined in the HRA self financing model. There are many variables to the calculation of the 1:4:1 contribution. As an estimate, I have used a model provided by Sector which is based on our assumption of RTB sales

Usable Capital Receipts - HRA Debt Repayment (T01010)

Balance b/f	4,262	4,308	5,280	6,123	6,845	7,629	8,439	9,274
Contribution in year	1,017	661	843	722	784	810	836	862
Used in Year	0	0	0	0	0	0	0	0
Balance c/f	5,280	4,969	6,123	6,845	7,629	8,439	9,274	10,137

Note: each RTB sale generates a contribution to this reserve toward debt repayment determined in the HRA self financing model. A small number of sales are anticipated each year.

Usable Capital Receipts - pre 2013-14 (T01008)

Balance b/f	0	0	0	0	0	0	0	0
Contribution in year	0	0	0	0	0	0	0	0
Used in Year (HRA = above)	0	0	0	0	0	0	0	0
Used in Year (GF Housing Co)	0	0	0	0	0	0	0	0
Used in Year (GF Housing - DFG)	0	0	0	0	0	0	0	0
Balance c/f	0	0	0	0	0	0	0	0

Note: Can only be used for HRA capital expenditure, affordable housing and regeneration schemes as set by GBC policy

Usable Capital Receipts - post 2013-14 (T01012)

Balance b/f	0	0	50	348	360	371	383	395
Contribution in year	802	289	298	301	304	307	310	313
Used in Year (HRA = above)	-752	-69	0	-189	-72	-75	-78	-78
Used in Year (GF Housing)	0	-220	0	-100	-220	-220	-220	-220
Balance c/f	50	0	348	360	371	383	395	410

Note: Can only be used for HRA capital expenditure, affordable housing and regeneration schemes as set by the Government

DRAFT HRA Capital Programme			2023/24
Project & Category	Description	Estimate	Notes
		£	
Refurbishment, Replacement & Renewal Programme			
Kitchen, bathroom and electrical upgrades	Renew kitchens, bathrooms and electrical installations where existing are life expired and in poor condition	2,200,000	Cyclical modernisation to maintain GBC decent housing standard and modern facilities. Replacements scheduled for 2023/24 plus catch up programme from Keystone asset management data. Properties pre-surveyed to ensure asset requires replacement. Based on 239 Kitchens, 82 baths and WC's
Void Properties - major refurbishment	Refurbishment of individual properties to enable them to be relet	1,750,000	Estimated - major void properties requiring extensive work throughout based on current demand. Based on 150 major voids.
Structural works - various properties	Structural works including structural investigation and remedial works due to foundation subsidence or other structural issues.	700,000	Repairs and major works to structurally defective properties which includes underpinning and decant costs where necessary due the extent of works required. Including further work in Westborough area.
Renewal of doors and door entry systems	Replacement of property external main entrance doors, side screens and installation of new door entry systems	800,000	Doors life expired. Additional security will be provided by door entry systems to reduce ASB and link in to fire alarm (Friary House & Supported Housing) & allow fire brigade access.
Replacement of windows and doors	Replace life expired and unserviceable windows & doors with double glazed UPVC	1,000,000	Based on 135 properties or 1290 windows
Pitched roof replacement including chimneys, fascias, soffits & rainwater gutters/downpipes	Renew life expired roof coverings and associated works	450,000	includes asbestos fascia/soffit replacement. Keystone asset data information plus maintenance team input.
Replacement of external canopies to blocks of flats	Phased replacement programme of defective canopies to block entrance doors with lightweight grp canopies	50,000	phase 2 to identified blocks and walkway
External wall insulation system to solid wall properties	Provision of external wall insulation to solid wall properties to address poor thermal insulation (year 4 of 4 year programme)	400,000	year 4 of programme
Compliance			
Front Entrance Door replacement to blocks of flats/supported housing	Undertake critical Fire safety front entrance door replacement	4,000,000	Year 2 of 2 year programme to replace front entrance doors to flats which whilst providing protection do not comply with current increased spec fire standards
Electrical testing and Remedial works	Electrical testing including remedial work and wired in smoke detector installation where required	1,900,000	Includes testing & associated repairs to communal areas in blocks of flats. Year 2 initial programme to be followed by a 5 year of rolling programme,
Fire and CO detector servicing and upgrade programme	Continued improvement and upgrading required as identified through new FRA work.	500,000	To undertake a fire and CO detection testing programme to meet new Govt regulatory guidance
Fire protection works following 21/22 FRAs	Prioritised repair non-urgent remedial works comprising of containment, communal doors upgrades/replacement, signage, etc	2,500,000	Works resulting from current FRA programme
Mechanical & Electrical			

Agenda item number: 9

Appendix 3

Central heating boiler upgrades. Various locations	Upgrading existing central heating installations with high efficiency systems	800,000	Annual programme of domestic gas boiler replacement to modernise the system in preparation for new energy fuels
Domestic Air Source Heat Pump heating systems Various locations	Replacement of aging electric heating systems with high efficiency air source heat pump central heating systems	150,000	properties tbc
Lift refurbishment.	Continuation of phased programme to replace obsolete lift controllers	400,000	To replace end of life obsolete lift systems where maintenance no longer feasible due to parts being no longer available
Millmead Court	boiler replacement	800,000	
General			
Asbestos Removal - general	Removal, disposal and replacement of finishes under fully controlled asbestos removal conditions	200,000	various sites
Garage forecourt resurfacing programme	Resurfacing of forecourt areas to garage blocks where existing surface in poor condition.	100,000	Various sites - continuation of rolling annual planned maintenance programme.
Resurfacing of Access Roads	Resurfacing of road and access ways	200,000	reviewed as part of hard surface inspection programme
Condition Appraisals	Annual programme of condition appraisal surveys	100,000	Annual programme budget allowance for Keystone asset data condition surveys
Damp & condensation control programme	new programme	800,000	Following EPC survey programme, inc for ventilation & monitoring systems . Estimated cost proposed - review in progress
	Sub Total	19,800,000	
Other Capital			
Environmental improvements	General environmental improvements at sites to be agreed & subject to resident consultation.	50,000	confirm remains as per 21/22
Disabled adaptations Various locations	Works to alter, adapt Council owned dwellings for the benefit of people with disability.	750,000	This include a one year increase of £100k to support cases currently being progressed.
	Total	20,600,000	

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

Agenda item number: 9
Appendix 4

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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Economic and Interest Rate Forecast

19th December 2022

- The influence of the mini-budget on rates and yields continues to wane following the more responsible approach shown by the new incumbents of Downing Street.
- Volatility in global markets continues, however, as investors seek the extent to which central banks are willing to tighten policy, as evidence of recessionary conditions builds. Investors have been more willing to price in the downturn in growth, easing financial conditions, to the displeasure of policymakers. This raises the risk that central banks will incur a policy error by tightening too much.
- The UK economy is already experiencing recessionary conditions and recent GDP and PMI data suggests the economy entered a technical recession in Q3 2022. The resilience shown by the economy has been surprising, despite the downturn in business activity and household spending. Lower demand should bear down on business pricing power - recent data suggests the UK has passed peak inflation.
- The lagged effect of the sharp tightening of monetary policy, and the lingering effects of the mini-budget on the housing market, widespread strike action, alongside high inflation, will continue to put pressure on household disposable income and wealth. The short- to medium-term outlook for the UK economy remains bleak.
- Demand for labour appears to be ebbing, but not quickly enough in the official data for most MPC policymakers. The labour market remains the bright spot in the economy and persisting employment strength may support activity, although there is a feeling of borrowed time. The MPC focus is on nominal wage growth, despite the huge real term pay cuts being experienced by the vast majority. Bank Rate will remain relatively high(er) until both inflation and wage growth declines.
- Global bond yields remain volatile as investors price in recessions even as central bankers push back on expectations for rate cuts in 2023. The US labour market remains tight and the Fed wants to see persistently higher policy rates, but the lagged effects of past hikes will depress activity more significantly to test the Fed's resolve.
- While the BoE appears to be somewhat more dovish given the weak outlook for the UK economy, the ECB seems to harbour (worryingly) few doubts about the short term direction of policy. Gilt yields will be broadly supported by both significant new bond supply and global rates expectations due to hawkish central bankers, offsetting the effects of declining inflation and growth.

	Current	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25
Official Bank Rate													
Upside risk	0.00	0.50	0.75	1.00	1.00	1.00	1.25	1.50	1.75	1.50	1.25	1.25	1.25
Arlingclose Central Case	3.50	4.00	4.25	4.25	4.25	4.25	4.00	3.75	3.50	3.25	3.25	3.25	3.25
Downside risk	0.00	0.50	0.75	0.75	0.75	0.75	0.75	1.00	1.00	1.00	1.00	1.00	1.00
3-month money market rate													
Upside risk	0.00	0.50	0.75	1.00	1.00	1.00	1.25	1.50	1.75	1.50	1.25	1.25	1.25
Arlingclose Central Case	3.00	4.40	4.40	4.40	4.35	4.30	4.25	4.00	3.75	3.50	3.40	3.40	3.40
Downside risk	0.00	0.50	0.75	0.75	0.75	0.75	0.75	1.00	1.00	1.00	1.00	1.00	1.00
5yr gilt yield													
Upside risk	0.00	0.70	0.80	0.90	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Arlingclose Central Case	3.43	3.60	3.80	3.80	3.80	3.70	3.60	3.50	3.40	3.30	3.30	3.30	3.30
Downside risk	0.00	0.80	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
10yr gilt yield													
Upside risk	0.00	0.70	0.80	0.90	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Arlingclose Central Case	3.47	3.50	3.60	3.60	3.60	3.60	3.50	3.50	3.50	3.50	3.50	3.50	3.50
Downside risk	0.00	0.80	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
20yr gilt yield													
Upside risk	0.00	0.70	0.80	0.90	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Arlingclose Central Case	3.86	3.85	3.85	3.85	3.85	3.85	3.85	3.85	3.85	3.85	3.85	3.85	3.85
Downside risk	0.00	0.80	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
50yr gilt yield													
Upside risk	0.00	0.70	0.80	0.90	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Arlingclose Central Case	3.46	3.60	3.60	3.60	3.60	3.60	3.60	3.60	3.60	3.60	3.60	3.60	3.60
Downside risk	0.00	0.80	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00

PWLB Standard Rate (Maturity Loans) = Gilt yield + 1.00%

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

- The MPC raised Bank Rate by 50bps to 3.5% in December as expected, with signs that some members believe that 3% is restrictive enough. However, a majority of members think further increases in Bank Rate might be required. Arlingclose continues to expect Bank Rate to peak at 4.25%, with further 25bps rises February, March and May 2023.
- The MPC will cut rates in the medium term to stimulate a stuttering UK economy, but will be reluctant to do so until wage growth eases. We see rate cuts in the first half of 2024.
- Arlingclose expects gilt yields to remain broadly steady over the medium term, although with continued volatility across shorter time periods.
- Gilt yields face pressures to both sides from hawkish US/EZ central bank policy on one hand to the weak global economic outlook on the other. BoE bond sales and high government borrowing will provide further underlying support for yields.

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Credit Rating Equivalents and Definitions

	Fitch	Moody's	Standard & Poor's	Fitch	Moody's	Standard & Poor's
Long Term Investment Grade	AAA	Aaa	AAA	AAA 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.	Aaa Obligations rated Aaa are judged to be of the highest quality, with minimal credit risk.	AAA 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+	AA 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.	Aa Obligations rated Aa are judged to be of high quality and are subject to very low credit risk.	AA An obligator rated 'AA' has very strong capacity to meets its financial commitments. It differs from the highest rated obligators only to a small degree.
	AA	Aa2	AA			
AA-	Aa3	AA-				
	A+	A1	A+	A 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.	A Obligations rated A are considered upper-medium grade and are subject to low credit risk.	A An obligator rated 'A' has strong capacity to meet its financial commitments but is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligators in higher rated categories.
	A	A2	A			
	A-	A3	A-			
	BBB+	Baa1	BBB+	BBB 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.	Baa Obligations rated Baa are subject to moderate credit risk. They are considered medium-grade and as such may possess certain speculative characteristics.	BBB 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-			
Sub Investment Grade	BB+	Ba1	BB+			
	BB	Ba2	BB			
	BB-	Ba3	BB-			
	B+	B1	B+			
	B	B2	B			
	B-	B3	B-			
	CCC+	Caa1	CCC+			
	CCC	Caa2	CCC			
	CCC-	Caa3	CCC-			
	CC+	Ca1	CC+			
	CC	Ca2	CC			
	CC-	Ca3	CC-			
	C+	C1	C+			
	C	C2	C			
	C-	C3	C-			
	D		D or SD			

Guildford Borough Council
Flexible Use of Capital Receipts Strategy 2023-24 to 2024-25

When a capital asset is no longer needed, it may be sold to generate a capital receipt. Capital receipts are normally ringfenced to finance the capital programme such as purchasing or developing new assets or to repay debt.

On 6 February 2018 the Secretary of State issued a direction under Section 16(2)(b) of the Local Government Act 2003 and guidance under section 15(1)(a) of the Local Government Act 2003 to allow local authorities to spend capital receipts on any project that is designed to generate ongoing revenue savings in the delivery of public services and/or transform service delivery to reduce costs and/or transform service delivery in a way that reduces costs or demand for services in future years for any of the public sector delivery partners. Within this definition, it is for individual local authorities to decide whether or not a project qualifies for the flexibility. The direction has applied from the financial years 1 April 2016 to 1 April 2021 without amendment. In February 2021, the scheme was extended for financial years from 1 April 2022 to 1 April 2024.

The set up and implementation costs of any new processes or arrangements are classified as qualifying expenditure which can apply for the flexible use of capital receipts.

Examples of projects include:

- Sharing back-office and administrative services with one or more other council or public sector bodies;
- Investment in service reform feasibility work, e.g. setting up pilot schemes;
- Collaboration between local authorities and central government departments to free up land for economic use;
- Funding the cost of service reconfiguration, restructuring or rationalisation (staff or non-staff), where this leads to ongoing efficiency savings or service transformation;
- Sharing Chief-Executives, management teams or staffing structures;
- Driving a digital approach to the delivery of more efficient public services and how the public interacts with constituent authorities where possible;
- Aggregating procurement on common goods and services where possible, either as part of local arrangements or using Crown Commercial Services or regional procurement hubs or Professional Buying Organisations;
- Improving systems and processes to tackle fraud and corruption in line with the Local Government Fraud and Corruption Strategy – this could include an element of staff training;
- Setting up commercial or alternative delivery models to deliver services more efficiently and bring in revenue (for example, through selling services to others); and
- Integrating public facing services across two or more public sector bodies (for example children’s social care, trading standards) to generate savings or to transform service delivery.

A policy on the flexible use of capital receipts was previously approved by Council as part of the Capital and Investment strategy in February 2019 to help finance the transformation costs of the Future Guildford transformation project (should it be required), and again in November 2021 for the Collaboration costs with Waverley BC. As the Government has now extended the scheme further, we can take advantage of

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Appendix 8

this flexibility to help fund transformation, service redesign costs and any costs associated with our savings programme in 2023-24 and 2024-25.

The recommendation in this report is to request Councillors to approve the flexible use of capital receipts strategy, for the transformation costs incurred in 2023-24.

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)

Council Report

Ward(s) affected: N/A

Report of Strategic Director: Transformation and Governance

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Date: 8 February 2023

Housing Revenue Account (HRA) Budget 2023-24

Executive Summary

The Council owns and manages over 5,200 Council Houses which it rents to tenants who qualify for social housing or for which it holds the freehold. The Housing Revenue Account (HRA) is the ring-fenced account within which the Council records the income and expenditure for its operations as landlord to its residents and for the day-to-day management, repairs and maintenance of the council housing stock.

This report outlines the proposed Housing Revenue Account (HRA) budget for 2023-24, which has been built on the estimates and assumptions in the updated 2023 HRA Business Plan. The Business Plan has been reviewed to reflect changes in relevant legislation and guidance, along with consideration of the Council's declaration of a Climate Emergency and the ongoing challenges of the wider operating environment.

The Direction on the Rent Standard 2019 required the Regulator of Social Housing to set a rent standard for social housing which came into effect from 2020, which would have been CPI +1% from the preceding September rate. This would have resulted in a rent cap of 11.1%. However, a new Direction was issued on 12 December 2022 which is that rents should be capped at 7%.

It is proposed that rather than adopting the directed cap, the Council will adopt a 5% rent cap, which will mean that, on average, households in a 1 bed roomed property will save £8.84 a month compared to the Government cap, and £10.22 for those in a 2 bed and £11.70 for those in a 3 bed roomed property. This below cap level is a recognition of the challenging wider climate faced by residents and has been achievable due to the ongoing prudential management of the overall HRA Account to provide households with some additional assistance at this time.

For those in shared ownership, the Government has not introduced a cap and so rent increases could be set at up to 11.1%; however, the Council is proposing to cap these rents in line with rented homes at 5%.

A 3% increase in garage rents is proposed which is in line with the wider Council policy on fees and charges.

The report includes overall details of the proposed investment programme for the properties that are managed within the HRA, additional details of this work are set out within the Capital and Investment Strategy which is to be considered separately on this agenda.

The HRA annual budget and HRA business plan assumes that any surpluses on the HRA are used to invest in redevelopment and upgrading of the existing stock, invest in new build affordable housing to be retained and rented by the Council within the HRA and then, if sufficient monies are available, the repayment of debt taken on under HRA self-financing.

The 30-year business plan shows that there are sufficient resources within the HRA to carry out the Council's investment plans as well as repay the debt over the plan period and still leave a healthy reserve balance at the end of the 30 years for further investment not yet identified. There are further expected investment needs that are to be fully developed in order to meet carbon targets and expected regulatory changes, and work on these continues. They are not fully reflected within the current plan, but they will be considered in future reviews.

This report has also been considered by the Joint Executive Advisory Board at its meeting on 24 January 2023. The Board's comments are set out in **section 11** of this report.

At its meeting on 26 January 2023, the Executive also considered this report and endorsed the recommendations to Council set out below.

Recommendation to Council:

- (1) That the proposed HRA revenue budget for 2023-24, as set out in Appendix 1 to this report, be approved.
- (2) That a rent increase of 5%, be implemented.
- (3) That the fees and charges for HRA services for 2023-24, as set out in Appendix 2 to this report, be approved.
- (4) That a 3% increase be applied to garage rents, which is in line with the wider Council policy on fees and charges.

Reasons for Recommendation:

To enable the Council to set the rent charges for HRA property and associated fees and charges, along with authorising the necessary expenditure to implement a budget, this is consistent with the objectives outlined in the HRA Business Plan.

<p>Is the report (or part of it) exempt from publication? No</p>

1. Purpose of Report

- 1.1 This report provides a position statement on the 2023-24 draft budget and makes recommendations to the Council on the Housing Revenue Account (HRA) revenue budget. Details of the HRA capital programme are set out within the Capital and Investment Strategy, which is to be considered separately on this agenda.

2. Corporate Plan

- 2.1 The HRA Budget reflects the Council’s vision, as set out within the 2021-2025 Corporate Plan, to support residents to have access to the homes and jobs they need by providing and facilitating housing that people can afford, helping to protect our environment and empowering communities and supporting people who need help.

3. Background

- 3.1 The ongoing regime of self-financing arrangements introduced in 2012, empowers the Council to optimise its resources in management of its social housing services. The Housing Revenue Account Business Plan sets the framework upon which the revenue budget and proposed Housing Investment Programme are prepared.

4. Budget and Business Plan Priorities

- 4.1 The budget and Business Plan have been prepared having consideration to four main themes:

- *A safe place to live* – Investment in our housing stock to meet and exceed fire and building safety standards including new fire detection and protection works, upgrading and replacing electrical installations, new fire doors, replacing lifts
- *Environmental and Energy Efficiency* – Improving energy efficiency with new doors, windows, insulation, heating and hot water systems. Rolling out a programme of environmental improvements to our estates and communities including landscaping, parking with increased inspection and investment.
- *Availability and suitability* – Providing a range of housing that helps meet the needs of the community, including supported and sheltered housing, additional homes through regeneration, purchase and development.
- *Customer Service and Accessibility* – Improving choices, information and communication with residents, with enhanced contact handling, monitoring and feedback. Targeted support for vulnerable tenants, specifically those struggling with maintaining their tenancies, hoarding, debt and benefits. Expanding opportunities for residents to influence and be involved in services through widening opportunities for feedback and engagement for more tenants.

- 4.2 These priorities have been developed having consideration to the Government's White Paper, changes in the regulatory and legal framework within which the service operates, and the Council's overall objectives.

5. Housing Revenue Account Business Plan

- 5.1 The objective of the Business Plan is to optimise HRA resources to ensure quality, suitable accommodation for residents, stock growth and to transfer surpluses to the various reserves for future investment in pursuance of its business. It is not limited to management of the housing stock, but also wider issues such as community development and improving the environment.
- 5.2 The Business Plan not only concentrates on the financial related strategy and objectives, but also the service priorities of the Council's Landlord function to its tenants and leaseholders. The longer-term perspective is crucial to ensure that the service and its primary assets, the housing stock, are fit for purpose for the whole period of the plan and beyond.
- 5.3 The Plan is based on stock condition data and the regulatory framework in which the Council operates as a social landlord. It also considers the Government's White Paper "*The Charter for Social Housing Residents*" which sets out key areas of service and involvement that every social housing tenant should expect.
- 5.4 The proposed changes will strengthen existing services and will support the Council in improving the safety and quality of our homes, improve local communities and provide increased opportunities for residents to become involved. It also looks to enhance the communal areas, open and green spaces within the estate.
- 5.5 The Council has declared a Climate Emergency and it is essential that we continue to develop and improve our housing and services to meet the targets that the Council has set, and this budget builds on existing work by increasing investment to increase energy efficiency whilst also looking to reduce carbon emissions.

6. Potential Pressures

- 6.1 Nationally, since the self-financing arrangements were established, the economic and fiscal environment has been generally favourable to the HRA. This has, however, changed dramatically with the combined impact of the Pandemic, the war in Ukraine, increases in energy costs, increasing safety requirements, the current cost of living crisis, the increased levels of inflation, coupled with increased inflation rates. Together these and other factors have created unprecedented pressures, risks and uncertainty that impact upon the Council's ability to undertake medium term financial planning, particularly when the planning horizon for the HRA Business Plan is 30 years.
- 6.2 These factors, combined with the Council's continued aspirations for its housing stock and its management, have been taken into consideration when setting the HRA Budget for 2023-24 and the HRA Business Plan.

- 6.3 The Council does not operate as a commercial landlord with clear obligations and duties as a social landlord. This means that many of our residents are supported by other agencies and organisations. As a result of this, wider pressures on social and healthcare services mean that residents are experiencing challenges in accessing services, and some provision has become difficult to access. Consequently, the complexity and cost of managing tenancies and providing services is seeing continued pressure as we are forced to deal with situations we are less well equipped to manage.
- 6.4 The economic situation continues to have an impact and despite government support, there is an increased demand for social housing, which puts pressure on our limited resources and time in responding to this new demand.
- 6.5 Following the tragic events at Grenfell, the Government has rightly continued to focus on the health and safety of residents and has introduced new legislation and guidance in a range of areas. To ensure compliance with new legislation and guidance, the Council is undertaking its widest ranging programme of works to improve the health and safety of residents that will exceed current statutory requirements. To achieve this will require a continued investment in the capital programme for major works to the existing stock, with work covering fire safety and precautions delivered in partnership with Surrey Fire and Rescue.
- 6.6 The funding framework available to meet the cost of supported housing remains fragile. Last year we received just £210,276 in Supporting People Grant funding.
- 6.7 The Council's duties to provide support and assistance with housing to residents is resulting in an ongoing rise in the number of households at risk. Many of those at greatest risk, not only have housing issues but also have a range of complex needs. Together they are placing greater demands on the Housing Service that in turn flows through to the teams managing our properties and their residents.
- 6.8 The wider social housing sector continues to become increasingly commercial. Some housing associations are focusing on minimising risk by being selective as to who they house and they are also moving to rents that are higher than those charged by the Council despite their large portfolio of properties. The Council is fortunate to have retained its stock, which gives us greater flexibility in helping those in housing need. It does, however, create a cost pressure.
- 6.9 Shared ownership properties enable residents to join the home ownership ladder, but for some the reality is that they are unable to staircase (acquire further equity shares) or move to a larger property as their household grows. Expanding this stock is not currently a priority for the Business Plan; however, this will be revisited when the opportunity arises to develop larger sites. In such cases, shared ownership in most cases will contribute to the overall viability of large developments and does assist many households in meeting their housing need.
- 6.10 The estimates, consistent with the Business Plan, continue to attach a lower priority to the repayment of debt principal inherited as part of the self-financing HRA

settlement, reflecting the Council's determination to provide new additional affordable homes and increase the investment in housing stock.

- 6.11 The last few years have presented unique challenges for managing our housing stock and as a result we have been unable to undertake all of the work that we would have expected to the homes we manage. This budget continues with the work started last year to help redress that issue.

7. Preparation of the revenue and capital programme budgets for 2023-24

- 7.1 The 2023-24 budgets have been prepared having regard to the recent policy announcements and the impact they might have. At the same time, we are conscious of various cost pressures along with the implications of our debt financing profile.

- 7.2 The Capital and Investment Strategy (separate item on the agenda) sets out the approved and provisional HRA capital programme along with a financing strategy (HRA Resources). The programme reflects the latest information we have on the condition of the stock and the developing asset management framework for our housing stock.

- 7.3 In preparing the HRA revenue budget, officers continue strategies undertaken in previous years to ensure we provide value for money for our residents. In particular:

- We will continue to evaluate all staff posts that fall vacant to determine whether it is appropriate to recruit to the role or whether an alternative approach could be considered.
- Increasing use of IT, remote working, and virtual meetings continues where appropriate, and are delivering benefits for the service.
- The Allpay system and mobile payment App has being useful, particularly with remote working, in our drive for rent collection.
- Rent collection analytics technology has helped colleagues focus and manage rent collection.
- Introduction of new technologies such as Salesforce and the Choice Based lettings system as part of our Future Guildford Programme continues to deliver service efficiencies and benefits to tenants.
- As part of the ICT and Digital change programme for the Council, officers will look to upgrade or replace systems that deal with housing and asset management over the medium-term period.

8. HRA Revenue Budget 2023 - 24

Assumptions

- 8.1 The total HRA debt stands at £152 million. It is projected that the interest charge for 2023-24 will be £4.7 million. No provision is included in the budget for the repayment of debt during 2023-24 in line with the overall HRA business plan strategy that building homes rather than debt repayment is the priority.

- 8.2 The revenue budget for 2023-24 is predicated around a number of key assumptions. The most important of which are set out in the table below:

Item	Assumption
Opening stock	5,211 units of accommodation
HRA Debt	£142 million
Average cost of capital for 2023-24	2.60%
September CPI	10.1%
Recommended Rent increase	5%
Shared Ownership rent increase	5%
Garage rent increase	3%
Bad debt provision 2023-24 2%	£674,730
Void rate	0.50%
#Service charge increases	Linked to contractual arrangements with suppliers for utilities, otherwise subject to 3% increase
Housing units lost through Right to Buy (RTB)	25 per annum
Retained Right to Buy receipts	Held in reserves to fund new build housing and acquisitions within timeframes allowed
HRA ring fence	Policy of strong ring fence continues
Debt repayment	Debt repayments made as loans fall due
Operating balance	£2.5 million

- 8.3 The proposed budget set out in Appendix 1 is based on a 52-week rent year.
- 8.4 Rents will increase by 5%, which is below the level specified within the Rent Standard and the Secretary of State's Direction in 2023-24.

Summary of Revenue Account Budget 2023-24

- 8.5 The table below summarises the proposed 2023-24 revenue budget, which reflects our current Treasury Management Strategy – in effect an interest only mortgage rather than a repayment mortgage. The timing of debt repayment will largely be a treasury management decision aligned to the overarching objectives of the HRA Business Plan.

Gross Expenditure alternatively analysed as:	£000
Management and maintenance	14,237
Depreciation	5,864
Other	2,091
Interest payable	4,751
Transfer to reserves	11,393
	<hr/> 38,336 <hr/>
 Received From:	 £000
Council House Rents	33,140
Interest receivable	1 593
Rent income	1,327
Fees, charges and miscellaneous income	2,277
	<hr/> 38,336 <hr/>

- 8.6 Based on the assumptions as contained in paragraph 8.2 and as summarised in paragraph 7.5 above it is estimated that the HRA will have an operating surplus of £11.393 million for 2023-24 which is reflected in the tables above by the proposed transfer to reserves. The reserves will be used to fund the capital programme for major repairs and investment in existing stock as well as the development of new build housing.

Expenditure

- 8.7 Expenditure details are set out within Appendix 1, but additional information and background is set out below.
- 8.8 **General Management:** Budgeted expenditure on delivering continuing HRA services has increased on the previous year's budget, reflecting growth in services in response to the Government's Housing White paper and changes in the regulatory and legal framework. A number of key areas and initiatives have been identified such as:
- Increased support for vulnerable tenants to help maintain their tenancies and to co-ordinate the service's safeguarding role for those households at risk
 - Increased support to work with tenants and partners in dealing with and preventing increasingly complex anti-social and criminal behaviour
 - Increased support for the number of households who continue to move to Universal Credit and to support tenants to avoid rent arrears whilst increasing rent collection, including Discretionary Housing Benefit top up.
 - Broaden opportunities for resident engagement and involvement
 - Increase in capacity to ensure compliance with evolving regulatory and compliance framework
 - Improving choices, information and communication with residents, with enhanced contact handling, monitoring and feedback.

- Expanded building safety and compliance roles to meet current and planned legislative and regulatory changes
- Improved estate management with improvements to landscaping, paved and communal areas.
- Increase in capacity to deliver both additional housing and also the redevelopment of existing properties

- 8.9 **Repairs and maintenance:** This budget covers a wide range of work including minor adaptations, day to day repairs across all housing types along with cyclical works. An increase in planned repairs and maintenance expenditure is proposed to continue the work to catch up works which have not been able to be undertaken due to the pandemic or where new standards and requirements are in place. It also reflects increasing contractor and material costs.
- 8.10 **Interest payable:** The whole portfolio is at a fixed rate from PWLB, with varying maturity dates. The table below sets out our current loan portfolio, after recent renegotiations, with a bullet payment option or renegotiate at the end of their various terms.

Maturity	Principal	Proportion	Type
>10 - 15yrs	£65,000,000	44%	Fixed
>15 - 25yrs	£50,000,000	34%	Fixed
>25 - 35yrs	£32,435,000	22%	Fixed
	£147,435,000		

- 8.11 **Depreciation:** To safeguard future rental streams, we need to ensure our properties and assets are adequately maintained. This will involve the replacement of ageing components at the appropriate time. In order to do so, it is important that we set aside adequate funds each year to meet future liabilities.
- 8.12 The depreciation charge is one of the key mechanisms we use to do this. The proposed 2023-24 charge represents, in officers' view, a realistic amount having regard to the outcome of the stock condition survey. A charge of £5.864 million is considered both appropriate and affordable.

Income

- 8.13. Income details are set out within Appendix 1, but additional information and background is set out below.

Rent Increase

- 8.14 The Secretary of State made a Direction on 25 February 2019 under powers set out within section 197 of the Housing and Regeneration Act 2008 which required the regulator of Social Housing to set a new Rent Standard for social housing including that owned and managed by local authorities with effect from 1 April 2020.
- 8.15 This framework meant that as a landlord the Council would be able to increase rents by CPI +1% and the Business Plan was developed having reference to this.

However, it was announced as part of the Autumn Statement that rent increases would now be capped at 7%. As most tenants are in receipt of benefits this will not directly benefit most tenants, but it will generate a saving for the Department for Work and Pensions.

- 8.16 The Local Government Association and National Housing Federation have called for a more targeted approach to support households with increasing costs, but this has not been adopted by the Government. The proposed cap will mean that the sustainability of the Business Plan is affected due to the future effect of the cap which it is not possible to make up due to the current finance model.
- 8.17 It is proposed that rather than adopting the directed cap, the Council will adopt a 5% rent cap, which will mean that on average households in a 1 bedroomed property will save £8.84 a month compared to the Government cap, and £10.22 for those in a 2 bed and £11.70 for those in a 3 bedroomed property. This below cap level is a recognition of the challenging wider climate faced by residents and has been achievable due to the ongoing prudential management of the overall HRA Account to provide households with some additional assistance at this time.
- 8.18 For those in shared ownership the Government has not introduced a cap and so rent increases are permitted to increase by a maximum of Retail Prices Index (RPI) for a given month plus 0.5%. In October, the RPI was 14.2%. This means that the rent element could increase by as much as 14.7% in 2023/24. This particularly high increase would come at a time when shared owners will also be facing other pressures on their household finances. In response, the Council is proposing to cap these rents in line with other rented homes at 5%.
- 8.19 Currently just over 60% of Council tenants are in receipt of either Housing Benefit or Universal Credit and will have their rent covered in full by these benefits, whilst just under 40% may have had their income assessed and will not be eligible for any assistance as their income will have been considered sufficient to be able to meet their housing costs. For those eligible, the proposed increase will have the additional cost covered by their benefits.
- 8.20 More than 97% of tenants are on social rents and the average expected change to their weekly rent on average will be £5.10 for those in a 1 bedroomed property, £5.90 for those in 2 bed and £6.75 for those in 3 bedroomed properties. Based on the proposed 5% rent increase, this will give an estimated income of £33,064,676 for the coming year.
- 8.21 Arrears levels for Council housing are generally low with about 1% in arrears which is well below levels in most social housing. This would indicate that for most households their rents remain affordable. The majority of arrears cases are associated with households who have moved to Universal Credit, and they make up more than 65% of arrears although again in most instances these arrears are at relatively low levels with just 15 accounts with arrears in excess of £2,000.
- 8.22 A provision for bad debt charge of £674,730 is included in the estimates. This charge will remain under review, but it is considered appropriate - it represents 2%

of the annual tenanted income. In addition to which additional provision is being made to provide two dedicated Housing, Money, and Benefits Advisers to support tenants with their financial situation at this challenging time. There will also continue to be assistance available through Discretionary Benefit along with a dedicated HRA top facility.

9. Right to Buy sales (RTB)

9.1 RTB activity remained steady during 2022-23, and the Council has in place a formal agreement with the Government regarding the use of the capital receipts arising from the sale of Right to Buy properties.

9.2 The table below outlines activity as at December 2022.

Activity	Number
Properties sold since 1 April 2022	15
Applications being processed	32

9.3 Under the agreement, receipts will be accounted for annually rather than quarterly and the Council is able to fund up to 40% of additional social housing from the receipts. The time limit for using the funds is now 5 years. However, going forward a limit has been introduced for buying existing properties on the open market and this is being phased in over a 3-year period. Whilst up to 40% of the cost of a development can be financed from this source - we must finance the balance from capital receipts or other sources including reserves accruing from the appropriation of revenue account surpluses. Our current development plan fully commits the one-for-one retained receipts we have accumulated to date. The ambition remains to utilise the receipts we are anticipating in future years.

9.4 On current levels of activity, we project a loss of units to be in the region of 15-25 per year. Our new build and property acquisition programme is helping to mitigate the impact of the ongoing right-to-buy programme, but it is unfortunate there are, to date, no proposals to amend the scheme in order to prevent the ongoing loss of much needed social housing in the area.

9.5 Sales has three negative impacts. It:

- reduces the number of affordable homes
- removes the long-term positive contribution each property makes to our operating costs
- increases the unit costs of managing and maintaining properties. Invariably tenants buy the better properties.

10. HRA Capital Programme and Reserves

10.1 Full details of the Capital Programme are set out within the Council's Capital and Investment Strategy which is to be considered separately on this agenda. This strategy and the Business Plan are based around four stands which are:

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- replacing ageing components such as roofs and kitchens
 - improving and enhancing existing properties – for example, installing double glazing
 - stock rationalisation – Replace or redeveloping properties
 - expansion – the provision of new additional affordable homes.
- 10.2 Key issues that have been considered as part of the overall development of the budget have included changing wider economic position, continuing to work through the impact of Covid and the suspension of capital programmes etc. In order to continue to meet targets for these planned programmes we continue with the catch-up work which was started in the last financial year in order to ensure we remain on track with maintaining existing homes.
- 10.3 In addition to these areas and with additional background and detail being provided within the Capital and Investment Strategy we continue to invest in properties to ensure the safety of residents and this approach is now being influenced by the new and developing fire and building safety legislation, guidance and good practice.
- 10.4 The Council has developed its approach to ensure ongoing compliance with the changing requirements and relevant standards and all Fire Risk Assessments have been reviewed and the new work plan that has resulted from this will continue to be delivered through this programme. The risk assessments reflect both changing legislation and good practice that has developed and continues to develop over the last few years.
- 10.5 This additional investment represents the Council's continued commitment to ensure that the homes that the Council manages meet not only the legislative requirements but also reflect good practice in ensuring the health and safety of residents.
- 10.6 The Council continues with its programme of delivering additional affordable homes with full details of the proposed programme again set out within the Capital and Investment Strategy.
- 10.7 Our investment in improving the energy efficiency of properties continues with new heating systems, low energy lighting, insulation and new door and windows. Whilst provision has been included to improve the energy efficiency new technology continues to be developed, in many instances the cost of this technology remains high although it is reducing.
- 10.8 In order to reduce carbon emissions and improve energy efficiency work is underway to develop a programme of work that will allow the Council to move towards meeting its targets in coming years but also having consideration to expected predicted cost and the availability of suitable technology. Once completed this work will then be integrated into the future HRA Business Plan. This is, however, a complex and challenging area, and there is no one size fits all approach. National research by the Building Research Establishment estimates that it will cost between £3,000 and £70,000 to make a property zero carbon, with an average of more than £20,000 needed for each property. Whilst some provision has been made within the plan, the way in which targets will be met and the cost of this work has yet

to be established. In addition to which there is a need to consider the impact of such a wide-ranging plan on residents.

10.9 The funding sources that will enable us to deliver the expanded capital programme are as follows:

- HRA rental stream
- Capital receipts generated from the disposal of HRA assets including land and right to buy sales
- HRA reserves
- HRA borrowing

10.10 The HRA has built up significant revenue reserves and, as at 31 March 2023, are estimated to be in the region of £112 million. These can be used for specific HRA related purposes. It is proposed that these reserves are set aside to support the major repairs and improvements and new build programme as set out within the Capital and Investment Strategy and also in anticipation of future requirements. The HRA also has usable capital receipts, generated from the sale of HRA land and housing assets.

10.11 The table below shows the available reserves that can support the HRA Business Plan. The contribution into the reserve for future capital programmes is maintained.

Yr Ended 30/03	Reserve For Future Capital Work	Major Repairs Reserve	New Build Reserve	TOTAL	Usable Cap Rec	141	HRA Debt Mgt	Total Cap Rec	Total Rec
2021/22	40,829	9,588	63,398	113,815	50	5,226	5,280	10,556	124,371
2022/23	31,872	1,210	66,261	99,343	348	6,465	6,023	12,836	112,179
2023/24	27,868	285	52,882	81,035	360	1,178	6,745	8,283	89,318

10.12 The business plan is most sensitive to the following assumptions:

- income trends
- legislative changes
- inflation rates
- cost of debt
- capital investment
- right-to-buy sales
- Covid-19

10.13 The current development programme can be financed, and debt repaid over the course of the 30-year Business Plan. At the end of the 30-year period the plan shows there will still be substantial reserves available for further investment and also to support the Council's net zero target and new build on plans which have yet to be developed. The ability to identify further plans will be reliant on the availability of land to be released for such purposes under the provisions of the Local Plan.

- 10.14 Right to buy receipts are being applied to current and proposed new build schemes to minimise the risk of repayment of such receipts. This will enable the retention of future one-for-one receipts, with a reduced risk of repayment, pending the identification of new sites.
- 10.15 The Council has entered into an agreement with the Secretary of State whereby it is allowed to retain an element of the capital receipts that it receives from Right to Buy sales. Under the terms of the agreement these receipts must be used to finance up to 40% of the cost of replacement social housing within five years, otherwise the retained receipts must be repaid to the Department for Levelling Up, Housing and Communities with interest.
- 10.16 A combination of usable one-for-one receipts, and the new build reserve will be used to fund a number of schemes on the approved capital programme. Where appropriate, investment will be supplemented by appropriate borrowing.
- 10.17 **Development Projects:** An update of our current development projects shall be provided during the year.
- 10.18 **Existing housing stock:** Based on an analysis of our stock condition data, as outlined above and within the Capital and Investment Strategy the budget reflects the proposed investment programme.

11. Robustness of the Budget and Adequacy of Reserves

- 11.1 Section 25 of the Local Government Act 2003 requires the Chief Finance Officer to report on the robustness of the budget and adequacy of the proposed financial reserves.
- 11.2 Paragraph 8.2 above details the assumptions used in the preparation of the 2023-24 budget.
- 11.3 Staffing costs have been included based on the Full Time Equivalent (FTEs) included in the approved establishment of 62.5
- 11.4 Throughout the budget process, the Corporate Management Board, the Leader and relevant lead councillors have been involved in what is considered to be a deliverable budget.
- 11.5 A prudent assessment of income has been made and only income that has a high level of certainty of being received is included within the budget. The 2023-24 budget includes a bad debt provision of £647,730. This provision reflects the economic climate and continuing welfare reform changes. The level of operating balance remains unchanged at £2.5 million.
- 11.6 Service level risk assessments have been undertaken for both existing major areas of the budget and mitigating actions have been taken and monitored in the course of the year.

- 11.7 The overarching HRA business plan reflects the changing financial environment in which it needs to operate and to ensure the business plan remains fit for purpose. The HRA will continue to balance tenants' needs and expectations in the context of its financial situation.
- 11.8 The housing related reserves are adequately funded and are projected to be around £112 million as at April 2023. The HRA reserves shall be engaged on value adding expenditure to maintain earnings growth and business stability.

12. Consultation

- 12.1 The Council remains committed to working cooperatively with Council tenants and leaseholders to shape, strengthen and improve council housing services and sets out a range of options to enable housing customers to be involved.
- 12.2 All tenants will be notified of changes to their rent and service charges in February/ March 2023.

13. Joint Executive Advisory Board – 24 January 2023

- 13.1 At its meeting on 24 January 2023, the Joint EAB considered this report and its comments are set out below:
1. Although the Government had set a social rent increase cap of 7%, the report was proposing an increase of 5% in the Borough to reflect balances in the HRA and the impact of the cost-of-living situation on tenants. There was no risk that levying a lower rent increase in 2023/24 would lead to more significant compensatory increases in the future as rent levels were currently governed by the Secretary of State and Regulator of Social Housing. It was understood that the Government would be consulting in respect of a new rent setting strategy in the future.
 2. In line with Government guidance and the findings of the National Housing Federation, it was proposed that people living in shared ownership properties should receive the same level of rent increase as tenants of social housing as they were facing the same cost of living challenges.
 3. All tenants would be advised of the proposed rent increase and offered support and advice if required. The aid would be provided by two new postholders who would identify where assistance was required and offer the appropriate support liaising with third parties such as job centres and social care where necessary. Technology enabled tenants' rent accounts to be closely monitored to identify those possibly in need of assistance. This method enabled the Council to achieve a low level of rent arrears.
 4. With regard to garage rent levels, a 3% increase was proposed. The approach that had been adopted in recent years was that garage rental amounts should fall in line with fees and charges set in the wider Council budget. Although some garages fell within the HRA, others were included in the General Fund

and it was felt that there should be consistency in rent increases across both areas. There was currently a national level debate as to whether any garages should be held within the HRA. A more significant increase in garage rents was likely to deter people from renting them leading to vacant garages. The associated licence agreement clearly stated that garages should be utilised for parking, which would relieve parking pressure in residential estates, and not for storage purposes.

5. A further factor relating to garages was that they were not sufficiently large to accommodate modern vehicles and occupied land which could otherwise be utilised for housing provision. Although some house building on garage plots had taken place and some more was expected to follow, it did present some challenges such as access issues.
6. The intention to allocate a further sum of £20 million towards housing stock repairs and improvements was welcomed. There was confidence that this amount was adequate to meet the Council's anticipated maintenance responsibilities, although possible changes instigated by the Government could lead to the need to review the funding situation.
7. The Council continued to pursue a programme of replacing traditional boilers with air source heat pumps in a number of properties. However, financing was an issue as the installation of heat pumps cost in the region of £9,000 whereas the price of replacement conventional boilers was approximately £1,800. Future options, such as utilising traditional boilers to burn alternative green fuel which did not emit carbon dioxide, were possibilities.
8. The Right to Buy initiative had been reviewed by the Government on a number of occasions. A positive factor of the scheme was that when tenants opted to purchase their home, it provided the Council with funding to invest in providing alternative accommodation for people unable to purchase a home.
9. It was highlighted that unhealthy living conditions involving factors such as damp, mould and lack of ventilation were not limited to social housing. The Council's approach was to expedite related repairs without delay in line with regulators' guidance and recommendations and also offer tenants advice if their lifestyle appeared to be contributing to unhealthy living conditions.

14. Legal Implications

- 14.1 Section 74 of the Local Government and Housing Act 1989 requires the Council to keep a separate ringfenced Housing Revenue Account. Section 75 and Schedule 4 of that Act deal with the items to be credited and debited to the Account, which by virtue of Section 76 must not go into deficit. Subsection 76(2) requires the Council during January or February of each year to formulate proposals in relation to the likely income and expenditure to the Account to secure that the Account for the year does not show a deficit.

- 14.2 In October 2018 the Prime Minister announced the removal of the Debt Cap. In the Budget later that month it was confirmed that the Housing Revenue Account borrowing cap had been abolished completely with immediate effect. To implement the abolition of the borrowing cap, and following consultation with Local Authorities and representative bodies, the Government issued a determination that has revoked the previous determinations specifying Local Authority limits on indebtedness. As a result, Local Authorities are now able to borrow for housebuilding in accordance with the Prudential Code.
- 14.3 Section 24 of the Housing Act 1985 provides that a local housing authority may make such reasonable charges as they may determine for the tenancy or occupation of their properties and that the authority shall from time-to-time review rents and make such changes, either of rents generally or of particular rents, as circumstances may require. Under subsection 24(5) a local housing authority must have regard in particular to any relevant standards set out for them under Section 193 of the Housing and Regeneration Act 2008. Section 193 gives the Regulator of Social Housing ('RSH') the power to set standards concerning amongst other things rent levels. A Rent Standard has been issued by the RSH which took effect on 1 April 2020.
- 14.4 Section 102 of the Housing Act 1985 provides that a variation of tenancy conditions that relates to rent or to payments in respect of services provided by the landlord may be varied in accordance with a provision in the tenancy agreement.
- 14.5 This report makes proposals which are designed to fulfil the Council's duties as set out above and the Executive and full Council must be satisfied that the proposals are reasonable and achievable and will not result in a deficit to the HRA.

15. Human Resource Implications

- 15.1 The decision to review and where necessary to freeze or delete vacant posts is outlined within the report and where appropriate additional roles are set out within the report and all relevant decisions and actions will be undertaken in line with the appropriate Council HR policies and procedures.

16. Conclusion

- 16.1 The proposed HRA revenue budget not only meets our obligation to deliver a balanced budget but also delivers opportunities to improve services to tenants, deliver additional affordable homes and ensures that the housing stock meets the relevant health and safety standards, whilst recognising the challenges of the wider environment at a time when living costs are increasing and will support tenants at this time.
- 16.2 The proposed HRA capital programme sets out to maintain and improve our existing assets. It is essential we do so, not only to meet our regulatory obligations but also to safeguard future income streams.

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17. Background Papers

None.

18. Appendices

Appendix 1: HRA Revenue Budget 2023-24

Appendix 2: HRA Fees and Charges 2023-24

HOUSING REVENUE ACCOUNT 2023-24 - BUDGET SUMMARY					
2020-21 Actual £	2021-22 Actual £	Analysis	2022-23 Estimate £	2022-23 Projection £	2023-24 Estimate £
		Borough Housing Services			
727,467	574,282	Income Collection	661,144	661,144	677,841
1,158,150	1,440,296	Tenants Services	1,321,575	1,361,575	2,390,850
125,133	92,308	Tenant Participation	167,560	167,560	171,820
98,978	82,931	Garage Management	103,626	103,626	104,797
20,474	18,987	Elderly Persons Dwellings	48,243	49,243	48,921
354,387	208,355	Flats Communal Services	490,269	496,269	502,274
452,607	405,736	Environmental Works to Estates	454,677	454,677	457,768
6,000,709	5,673,874	Responsive & Planned Maintenance	6,304,026	6,500,000	6,684,239
107,084	145,593	SOCH & Equity Share Administration	166,571	166,571	170,376
9,044,988	8,642,362		9,717,692	9,960,666	11,208,886
		Strategic Housing Services			
459,797	676,747	Advice, Registers & Tenant Selection	746,257	746,257	765,223
187,927	164,444	Void Property Management & Lettings	245,019	245,019	250,661
(61,131)	5,120	Homelessness Hostels	5,252	5,252	0
167,083	186,518	Supported Housing Management	167,927	167,927	172,513
484,040	353,576	Strategic Support to the HRA	982,106	982,106	625,443
1,237,716	1,386,405		2,146,560	2,146,560	2,175,754
		Community Services			
828,759	873,238	Sheltered Housing	829,236	1,381,236	852,211
		Other Items			
5,686,291	5,864,693	Depreciation	5,525,000	5,525,000	5,864,700
(174,584)	(1,174,479)	Revaluation	0	0	0
95,804	163,085	Other capital items			
217,061	227,460	Debt Management	150,000	150,000	158,711
5,985	1,016,671	Other Items	411,048	411,048	419,597
16,942,018	16,999,435	Total Expenditure	18,779,536	19,574,510	20,679,859
(32,295,620)	(32,907,980)	Income	(34,999,509)	(34,999,509)	(36,743,880)
(15,353,601)	(15,908,544)	Net Cost of Services(per inc & exp a/c)	(16,219,973)	(15,424,999)	(16,064,021)
284,690	297,990	HRA share of CDC	1,275,453	1,275,453	1,437,930
(15,068,911)	(15,610,554)	Net Cost of HRA Services	(14,944,520)	(14,149,546)	(14,626,091)
(11,546)	(105,900)	Investment Income	(53,930)	(200,000)	(1,593,180)
4,902,208	4,879,544	Interest Payable	5,052,225	4,767,723	4,751,225
(10,178,248)	(10,836,911)	Deficit for Year on HRA Services	(9,946,225)	(9,581,823)	(11,468,046)
0	0	REFCUS - Revenue funded from capital	75,000	75,000	75,000
2,500,000	2,500,000	Contrib to/(Use of) RFFC	2,500,000	2,500,000	2,500,000
8,088,687	7,839,606	Contrib to/(Use of) New Build Reserve	7,371,225	7,006,823	8,893,046
(473,168)	(510,826)	Tfr (fr) to Pensions Reserve	0	0	0
0	0	Tfr (from)/to CAA re: Voluntary Revenue Provisio	0	0	0
143,347	1,147,655	Tfr (from)/to CAA re: Revaluation	0	0	0
(64,567)	(136,260)	Tfr (from)/to CAA re: REFCUS	0	0	0
0	0	Tfr (from)/to CAA re: Intangible assets	0	0	0
(16,050)	(3,263)	Tfr (from)/to CAA re: rev. inc. from sale of asset	0	0	0
0	0	HRA Balance	0	0	0
(2,500,000)	(2,500,000)	Balance Brought Forward	(2,500,000)	(2,500,000)	(2,500,000)
(2,500,000)	(2,500,000)	Balance Carried Forward	(2,500,000)	(2,500,000)	(2,500,000)
2020-21	2021-22	Analysis	2022-23	2022-23	2023-24
Actual	Actual		Estimate	Projection	Estimate
£	£	Borough Housing Services	£	£	£
(30,507,420)	(30,507,420)	Rent Income - Dwellings	(31,607,818)	(31,607,818)	(33,064,676)
(212,100)	(67,576)	Rent Income - Rosebery Hsg Assoc	(68,759)	(68,759)	(74,929)
(322,533)	(465,543)	Rents - Shops, Buildings etc	(473,690)	(473,690)	(516,200)
(785,571)	(745,713)	Rents - Garages	(758,762)	(758,762)	(811,106)
(31,827,625)	(31,786,252)	Total Rent Income	(32,909,029)	(32,909,029)	(34,466,911)
(144,180)	(206,660)	Supporting People Grant	(210,276)	(210,276)	(229,147)
(1,136,108)	(1,128,443)	Service Charges	(1,148,191)	(1,148,191)	(1,251,233)
(28,840)	46	Legal Fees Recovered	47	47	51
(58,769)	(258,136)	Service Charges Recovered	(262,653)	(262,653)	(286,224)
(537,015)	(461,333)	Miscellaneous Income	(469,407)	(469,407)	(510,415)
(33,732,537)	(33,840,778)	Total Income	(34,999,509)	(34,999,509)	(36,743,880)

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Housing Revenue Account - Fees and Charges 2023-24

		2022-2023 £ From 1 April 2022	2023-24 £ From 1 April 2023	Change %
To be approved by Council				
Sheltered Units				
<u>Function Room Hire</u>				
Voluntary /Charity Organisations	Per Hour	15.64	16.11	3.0%
	Per Day	77.61	79.94	3.0%
<u>Education/Social Services</u>				
	Per Hour	18.56	19.12	3.0%
	Per Day	115.85	119.33	3.0%
<u>Social/Private Hire</u>				
	Per Hour	23.34	24.04	3.0%
	Per day	124.57	128.31	3.0%
<u>Service charge (per week):</u>				
Dray Court		70.04	72.14	3.0%
Japonica Court		75.1	77.35	3.0%
St Martha's Court		75.5	77.77	3.0%
Millmead Court		63.88	65.80	3.0%
St Martin's Court		72.31	74.48	3.0%
Tarragon Court		64.57	66.51	3.0%
Friary House (61 flats)				
Heating, Electricity, Cleaning, Caretaking and Security Services (per wk) *Based on actuals		16.9	17.00	
Garages (on Housing Estates) (VAT is applied at the standard rate on private lets only)				
High demand area (non residents) (per week)		21.49	22.13	3.0%
High demand area (per week)		13.07	13.46	3.0%
Elsewhere (per week)		10.74	11.06	3.0%
Castle Cliffe				
Gas and Electricity Charges (per week) * Based on actuals		22.1	26.06	
Malthouse Court				
Gas and Electricity Charges (per week) * Based on actuals		10.76	14.71	
Pound Court				
Electricity; Grounds Maintenance (per week) * Based on actuals		5.41	4.45	
Flats				
<u>Where cleaning provided to communal areas:</u>				
Sandmore (Laundry and Communal Facilities, per week)		4.87	5.02	3.0%
Decorating charge (Note: charge is per room)		1.79	1.84	3.0%
Supported Housing				
<u>Service charge per week:</u>				
William Swayne House:				
- Self Contained bedsits		120.91	124.54	3.0%
- Self Contained flat		123.3	127.00	3.0%
William Swayne Place				
Dene Road		47.35	48.77	3.0%
79 York Road		75.21	77.47	3.0%
Caxtons		42.47	43.74	3.0%
Dene Court		65.65	67.62	3.0%
		88.20	90.85	3.0%
Sold Flats Service Charges - Solicitors' Enquiry				
Sales/purchases		155.74	160.41	3.0%
Remortgages		80.09	82.49	3.0%
Sold Flats Service Charge Management Fee		203.66	209.77	3.0%
Consent Fees				
Consent - Application in Advance		120.94	124.57	3.0%
Consent - Retrospective Application		206.51	212.71	3.0%

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Council Report

Ward(s) affected: All

Report of Chief Finance Officer

Author: Peter Vickers

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Lead Councillor responsible: Joss Bigmore

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Email: joss.bigmore@guildford.gov.uk

Date: 8 February 2023

General Fund Budget 2023-24 and Medium Term Financial Plan 2024-25 to 2026-27

Executive Summary

This report sets out the draft General Fund Budget for 2023/24 and Medium-Term Financial Plan (MTFP) ending 2026/27. The MTFP sets out the key work streams for the Council to focus on over this period which, collectively, aim to address the projected significant shortfall in the General Fund budget.

This report contains the following Appendices:

- Appendix 1 – draft Medium Term Financial Plan 2023/24 – 2026/27
- Appendix 2 – draft General Fund Revenue Budget Summary 2023/24
- Appendix 3 – statement of key variations from the baseline 2022/23 budget
- Appendix 4 – draft Fees & Charges for 2023/24
- Appendix 5 – schedule of projected General Fund usable reserves 2023/24

The Joint Executive Advisory Board (JEAB) considered this report at its meeting held on 24 January 2023. The JEAB's comments are set out in paragraph 4.1 below. At its meeting held on 26 January 2023, the Executive also considered this report, including the comments of the JEAB, and endorsed the recommendation to Council below.

Recommendation to Council:

- (1) To approve a 2.99% increase in Guildford's Band D Council Tax Charge for 2023/24 with resultant increases to the other council tax bands.
- (2) To approve the General Fund Budget for 2023/24, as summarised in Appendix 2.

- (3) To continue the Council's existing Council Tax Support Scheme at the current levels.
- (4) To approve the General Fund Fees and Charges for 2023/24 proposed in Appendix 4.
- (5) To utilise the full amount of the New Homes Bonus received for 2023/24 for the purpose of contributing to identified one-off General Fund revenue cost pressures.
- (6) To agree that the Joint Management Team undertakes a comprehensive service challenge and present a revised budget and Medium-Term Financial Plan to Full Council in July 2023 as described in this report.

Reason for Recommendation:

To enable the Council to set the Budget and Council Tax for the 2023-24 financial year. The General Fund Budget is a major decision for the Council and setting a balanced budget is a statutory requirement.

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

1. Purpose of Report

- 1.1 This report sets out the draft General Fund Budget for 2023/24 and Medium-Term Financial Plan (MTFP) ending 2026/27. The MTFP sets out a four-year view and draws attention to the key issues that Council must focus on over this period to address the projected significant shortfall in the General Fund budget and the Council is also asked to approve the budget and Council Tax for 2023/24.

2. Strategic Priorities

- 2.1 The budget underpins the Council's strategic framework and delivery of the Corporate Plan.

3. Medium Term Financial Plan 2023/24 – 2026/27 (MTFP)

- 3.1 The Medium-Term Financial Plan (MTFP) is Guildford's key financial planning document which takes account of all the currently known various factors and influences that may impact on the Council for the next few years. These factors include economic conditions, Government funding and restrictions, current expenditure patterns, inflation, planned changes to service delivery, changing demand for services, sources of income etc. It also includes the identification of the risks faced by the Council. The draft 2023/24 budget is set in the context of the latest MTFP.

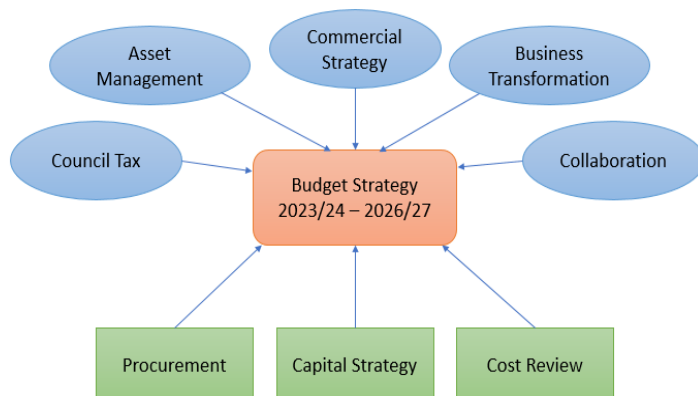
- 3.2 The MTFP includes a forward look over the next four years to anticipate the spending pressures faced by the Council. Planning now to meet known changes in the future provides greater opportunity to mitigate the impact. Good preparation will mean that the Council has sufficient funds to meet unexpected costs and its limited financial resources are targeted to Guildford's residents' highest priorities.
- 3.3 The purpose of the Medium-Term Financial Plan is to:
- Provide a framework for managing resources in the medium term to deliver the Corporate Plan.
 - Demonstrate that sufficient resources will be available to meet the Council's objectives and priorities, particularly in the delivery of value for money.
 - Look ahead to the longer term to protect and help plan sustainable services within an extremely challenging external economic and funding environment.
 - Strengthen the Council's financial resilience and manage volatility and risk, including maintaining an adequate level of reserves.
 - Anticipate financial pressures and identify potential ways to balance the Council's budget including through efficiency measures.
- 3.4 The Council's MTFP ending 2026/27 has been updated to include the latest General Fund assumptions and projections, including for the reserves earmarked for specific purposes that may have to be drawn upon to meet the MTFP budget shortfall. This report sets out the ongoing material financial pressures, risks and uncertainty which remain on a significant scale. The report discusses the strategies for addressing the financial challenges to protect vital services and put the council in a more sustainable financial position and highlights the budget shortfall projected over the next four years.
- 3.5 The updated MTFP projection is included in **Appendix 1**. The changes from the balanced 2022/23 position (approved in February 2022) are based on a review of the ongoing impact of the items identified in the 2021/22 financial outturn reported to Executive on 27 October 2022. The Executive considered a high-level summary report that set out the emerging financial position against the approved 2022/23 budget and highlighted pressures on the MTFP. The report highlighted that several factors had affected the Council's budget since it was approved in February 2022, most of which had an adverse impact. Whilst the financial outturn in 2021/22 on the General Fund and HRA was positive overall, there were some concerning cost pressures and income shortfalls that were likely to continue into future years. This, coupled with the significant inflationary pressure experienced since April 2022, presented a very challenging position for the Council. As described below, the latest MTFP

projections show an estimated total cumulative gross budget shortfall, before compensating measures, over the four-year period of £18.4million.

- 3.6 Through collaboration, the Joint Management Team (JMT) came into place at the beginning of October 2022 and more than met the financial target set by the Council for 2022/23. The collaboration is a significant change for the Council in resourcing and delivering its existing savings and transformation strategies. Officers have therefore developed a Budget Strategy framework to review the transformation work underway pre-collaboration, undertake a comprehensive service review and then set strategies underpinned by targets for the new JMT to deliver to address the 2023/24 significant budget shortfall and bring the MTFP into balance. The outcome of this work will be presented to the July Full Council for approval. It is crucial that this process is fully supported and remains the central focal point for addressing the budget shortfall.
- 3.7 The budget and MTFP projections are being prepared with a range of assumptions made in very uncertain economic conditions, including high inflation. Therefore, the figures are volatile, particularly regarding the timing and extent of recovery of income streams such as car parking impacted by the pandemic and the cost-of-living crisis. More details on the assumptions are set out later in the report. The Executive approved the 27 October 2022 report setting out a high-level action plan including identifying any further measures that should be taken, all of these actions have been incorporated into a Budget Strategy framework described below.

Budget Strategy

- 3.8 The Council’s strategy for addressing the budget shortfall consists of a framework illustrated below. The themes in squares relate to ongoing actions, the ovals indicate key strategic areas of focus to underpin targets to address the MTFP deficit.



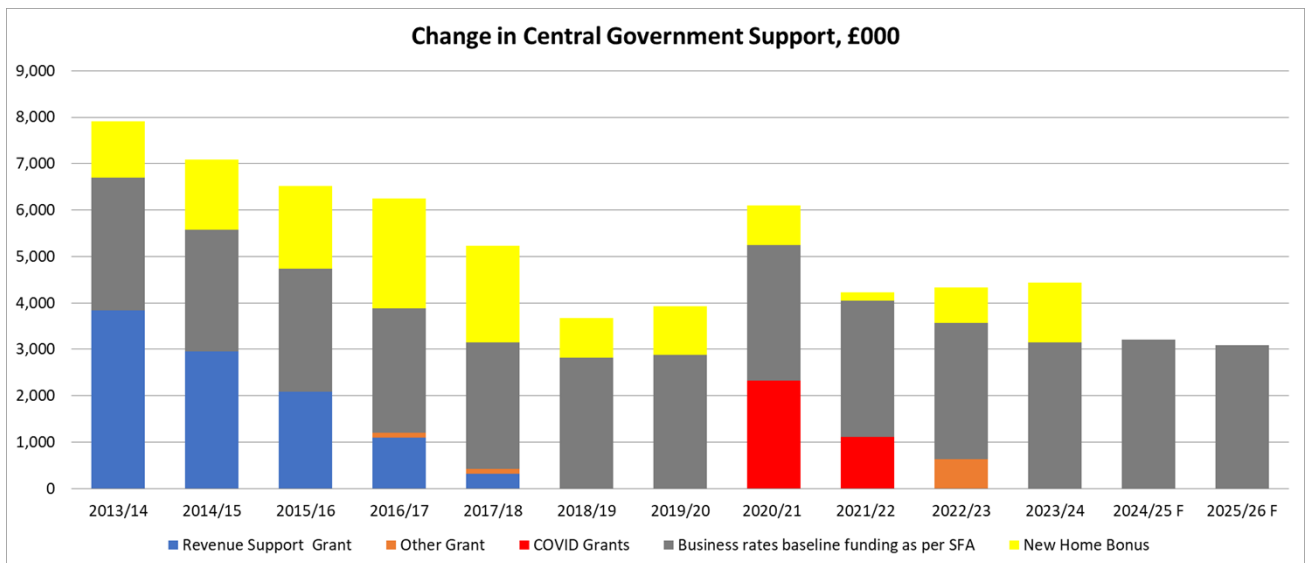
- 3.9 The Council's ability to take measures to fund increased costs and replace lost income is heavily regulated and under pressure. Examples include the Council's property investment strategy, which has been curtailed by changes to Public Works Loan Board financing criteria, and until recently historically low interest rates which have reduced interest income from funds on deposit. Interest rates have recently increased resulting in additional income, supporting the MTFP in the short term. The Joint Management Team will look for new opportunities, including collaboration with others, to improve the Council's effectiveness and efficiency and report back in July 2023.

Budget Pressures

- 3.10 As the impacts of Covid recede, the Council is seeing inflation emerging as an equally severe threat on top of the forecast loss of our share of central government funding. Further details are provided in **Appendix 1**.

Funding for Guildford's Services

- 3.11 As well as collecting council tax to support its own budget, by law the Council must collect council tax for Surrey County Council, Surrey Police and all Parish councils in the Borough and this money is paid over to those organisations. The Government restricts the amount that council tax can be increased each year, and this is explained in more detail later in this report. In addition, Guildford collects business rates from non-domestic premises in the Borough. The Government sets the rateable value and rates chargeable for all business premises. Most of this money is paid to the Government with a relatively small amount being retained by Guildford and Surrey County Council. Guildford will receive £3.2 million (£2.9 million 2022/23) retained business rates to fund services in 2023/24 as can be seen on **Appendix 2**.
- 3.12 The amount of council tax that will be paid out to each of the precepting bodies, including Guildford, Surrey County Council, Surrey Police and the Parish councils, is fixed for the financial year. Any variation in actual council tax collected compared to precepts paid out will result in an adjustment to the precept in the following year. Guildford will receive £11.4 million (£11.0 million 2022/23) council tax to fund services in 2023/24 as can be seen on **Appendix 2**.
- 3.13 There has been a reduction in our government funding over the years from £8 million in 2013/14.



3.14 The Council budgets to retain £3.2 million of the £72 million (around 4%) business rates collected as its baseline funding for General Fund services. This baseline funding is derived from a government formula which determines each Council’s ‘relative needs’ and has been guaranteed until the completion of the Fair Funding review. This review has already been delayed for several years and is forecast to sit alongside the next government spending review after the general election, therefore a delay is expected of a further two years. The uncertainty of these delays impact on the Councils ability to plan ahead.

3.15 The Council’s budget suffers from a ‘structural deficit’ arising from service cost inflation, compared to a limited ability to raise additional income, particularly from council tax which is limited by the Government’s restriction on council tax increases. In 2023/24 this restriction is 3% equating to a maximum of £331,000 additional council tax income. As Government funding has fallen away and the Government’s publicly cited “spending power” (Council Tax, retained business rates and other government grants) calculation for Council’s includes an assumption that councils will apply the maximum council tax rise, the Council has reluctantly become increasingly reliant upon council tax funding.

3.16 In recent years the government have been pairing back on the calculation for New Homes Bonus (NHB), including the reduction of years for legacy payments (each years aware was originally for 6 years and now it’s only one year). The expectation is that NHB will be discontinued, however, the finance settlement received in December 2022 confirmed that the government has delayed its review of the NHB again by another year. This temporary reprieve in funding reduction is welcome and a one-off receipt of £1.28 million has been included in the 2023/24 budget. Due to the significant cost pressure and unresolved budget deficit in the draft 2023/24 General Fund budget, the previous policy of transferring the NHB

to reserves to fund regeneration schemes in the capital programme will cease, and the 2023/24 allocation of NHB used to contribute to identified one off cost pressures.

3.17 The Government announced the 2023/24 Local Government finance settlement for consultation late in December 2022. The headlines are as follows and are reflected in **Appendix 1**:

- The Services Grant will reduce in 2023/24 from £201,000 to £113,000. This is in part because of the reversal of the increase in National Insurance Contributions, therefore the government will not be compensating local government for these contributions from 2023/24
- Lower Tier Services Grant has been removed losing £134,000, to repurpose along with a proportion of the expired New Homes Bonus legacy payments to create a new one-off, funding guarantee of which Guildford received £nil in 2023/24.
- Revenue Support Grant of £114,000 to replace Local Council Tax Support Grant and Family Annexe Council Tax Discount Grant
- Retained business rates £3.2 million (2022/23 £2.9 million)
- New homes bonus £1.3 million (2022/23 £766,000) but no guarantee of any NHB payment in future years
- Council Tax increase limit for Borough Councils of £5 band D or up to 3%, whichever is the higher.
- No limit on council tax increases for town and parish councils. Surrey County Council tax increase limit up to 5% (including the 2% for adult social care costs).

General Fund Budget 2023/24

3.18 A summary of the draft budget for 2023/24 is set out in **Appendix 2** and the changes from the 2022/23 base budget are summarised in the MTFP in **Appendix 1** with further detail of variations for certain key items presented in **Appendix 3** including unavoidable budget adjustments. The budget has been prepared on an “as-is” basis from the known 2022/23 baseline, then adjusted for known variations and measures including inflation.

3.19 The General Fund Budget Summary at Appendix 2 shows a budget deficit of £3.1million to be resolved in 2023/24. There are no proposed cuts to services included in the draft 2023/24 General Fund budget. The budget strategy outlined in paragraph 3.8 identifies a framework that will deliver savings from the asset management, business transformation, commercial and collaboration programmes to address the financial challenges and help protect funding for front line services.

3.20 It is anticipated that cost pressures will reduce over the MTFP period and reserves will be utilised in the short term whilst longer term base budget

cost pressures will be resolved through the budget strategy. This budget allows for the maximum allowable council tax increase of up to 3%.

Inflation

- 3.21 There remains uncertainty regarding high inflation on the MTFP, and this is a sizeable pressure on the General Fund budget. Despite high inflation being mitigated in the current year with improved interest income, the impact of inflation will have further negative impact in future years as inflation compounds, and current forecasts for inflation remain higher than usually anticipated. Bank of England forecasts suggest inflation is expected to fall from mid-2023, as previous increases in energy prices dropped out of the annual comparison. It is then expected to decline to some way below the 2% target in years two and three of the MTFP projection. This MTFP assumes the 2% target rate will be returned to in two years' time. Officers have built increased inflation forecasts into the MTFP in the short term, with 9% in 2023/24 and 4% in 2024/25 however these rates are projected with more uncertainty than is usual.
- 3.22 The 2023/24 budget only includes inflation increases resulting from specific contractual agreements or projected market related pricing prevalent at the point of purchase (i.e., fuel and utilities). Cost increases included in the 2023/24 budget are shown in the table below. Generally, budgets are now cash limited to the 2022/23 budget provision, so no "across the board" inflation is included. Service managers are required to manage within their overall budget envelope, which is currently being reviewed for the July budget update. Inflationary increases on income streams such as fees and charges are included as part of the net changes in service provision budget adjustments.

Non-Pay Inflation Related Increases

	£
Vehicle Fuel	370,519
ICT	149,308
Insurance	300,000
Utilities	<u>2,000,000</u>
Total:	<u>2,819,827</u>

- 3.23 In terms of the staff pay award for 2023/24, which is also applied to Councillors' allowances, the pay policy states that the Joint Chief Executive negotiates this with the recognised union within the budget available. This negotiation has not yet concluded following the Union's pay claim submitted in December. At this stage, an indicative amount for

pay inflation, as well as other pay inflation commitments, are incorporated within the draft budget.

- 3.24 Surrey County Council has given notice to withdraw from the on-street parking arrange with the Council. The exit detail is currently being negotiated with SCC and the budget has been adjusted to reflect an indicative impact, once the full detail is resolved it will be incorporated into the July budget. The estimate included within **Appendix 3** is £1.4million representing the net loss of income to the Council.

Fees and Charges

- 3.25 Fees and charges have been reviewed as part of the budget process. Some fees and charges are statutory but for those that can be determined by the Council general inflationary increases are proposed for 2023/24 where appropriate, with some exceptions. Details of the proposed fees and charges from 1 April 2023 are included at **Appendix 4**.

General Fund Reserves within the scope of the MTFP

- 3.26 A summary of the relevant General Fund reserves is included in **Appendix 5**. This table builds on the latest monitoring position and takes account of the Council approvals in the 2022/23 budget. The schedule shows that there are £32 million of earmarked reserves available to support the MTFP and forthcoming Budget Strategy, in addition to the minimum General Fund balance of £3.75 million.
- 3.27 A comprehensive reserves review will be completed as part of the service review currently underway. Reserves will be aligned to the budget strategy proposals put to Full Council in July 2023, including an alignment of the reserve's governance process and a revised reserves strategy.
- 3.28 The future financial resilience of the Council is dependent upon the availability of reserves to manage financial shocks such as the pandemic and current global economic crisis. Ideally, the use of reserves should be limited as far as possible to mitigating the temporary impact of these shocks, net of any Government assistance. It is important to therefore ensure sustainable solutions are found wherever possible and if necessary or appropriate temporary measures such as a vacancy freeze to limit the need to call upon reserves, which should always be a last resort.
- 3.29 The Council borrows to fund its significant capital programme. This detail is provided in the Capital and Investment Strategy. When the Council borrows it has a statutory duty to put aside an amount of money each year to enable repayment of the borrowed sums. This is known as Statutory Minimum Revenue Provision (MRP) and is charged to the General Fund revenue account. The calculation of MRP is in accordance with the MRP policy set out in the Capital and Investment Strategy. The amount included

the General Fund MTFP is determined by the current level of borrowing plus planned additional borrowing forecast in the capital programme. The 2023/24 budget shows a £236,000 increase in MRP and a significant increase in MRP over the next four years. This is a cost pressure on the General Fund revenue account when the underlying capital projects being financed do not generate a new income stream. MRP will be reviewed alongside the capital programme and reported back as part of the July budget.

- 3.30 The MTFP includes estimated borrowing costs determined by the overall expected cash requirement during the MTFP term. The timing of the estimated cash requirement is influenced by the rate of delivery of the schemes within the capital programme. Until recently the Council has relied upon cash surpluses flowing through its bank to fund the capital programme, instead of putting surplus cash on deposit to earn interest at around 1%, using surplus cash saved on loan interest on borrowing at around 3% (this is called internal borrowing). However, the Council has reached the limit of surplus cash available and will have to resort to external borrowing to fund its future capital expenditure (i.e., from HM Treasury, Public Works Loan Board). The table below shows that there is an expected significant increase in external borrowing during the MTFP period, resulting in the single biggest impact on the General Fund revenue account. These estimates include a number of significant properties related investments strategies that are unlikely to continue to be pursued, reducing the borrowing requirement and the resulting interest cost will fall away. These will be reviewed in detail as part of the Budget Strategy work to be reported back to July Council.

	2022/23	2023/24	2024/25	2025/26	2026/27
Estimated cost of borrowing	£m	£m	£m	£m	£m
Long Term Loan		196.5	246.5	256.5	266.5
Long Term Loan interest		2.9	7.2	9.2	9.6
Less WUV interest capitalised		(2.9)	(2.9)	(2.9)	(2.9)
Temporary/liquidity	0.4	0.6	0.5	0.5	0.5
Other Interest	0.1	0.1	0.1	0.1	0.1
Interest paid on debt financing	0.5	0.7	4.9	6.9	7.3
<i>Change:</i>		<i>0.70</i>	<i>4.20</i>	<i>2.00</i>	<i>0.40</i>

- 3.31 The increase in the Bank of England base rate has resulted in a £2.24 million net increase (net of in year short-term borrowing for cash flow) in treasury income in the 2023/24 budget. Part of the total cash on deposit

consists of HRA reserve balances, resulting in a significant increase in interest income shared with the HRA as can be seen on appendix 2.

Risk

- 3.32 There are a range of risks associated with the delivery of the MTFP and achievement of the various saving/efficiency programmes already in place to address the MTFP budget shortfall, these risks are particularly important to identify given the uncertainty in the estimates and local economy caused by the pandemic. The key risks are set out in the report, a summary of the MTFP risks is included below:

Achieving savings targets:

- the uncertainty in the estimates and local economy caused by the pandemic and cost of living crisis
- investment in commercial property, with new borrowing restrictions in place. Government policy change has affected the Council's ability to undertake prudent 'yield' investments
- Major change programmes currently underway including the collaboration with Waverley Borough Council.

Adequacy of provisions:

- Business rates – under the current retention system we carry some of the cost of appeals, including backdated refunds, plus reducing total rateable value in the Borough, for example the impact of permitted development on commercial premises
- Impact of Government's business rate funding review and Fair Funding review is likely to reduced retained business rates
- Housing benefit overpayment recovery – will be limited in future due to Universal Credit
- Investment property voids – this is an increasingly important revenue stream
- One off adverse impact such as planning appeals, judicial reviews

Further constraints on income, increase in costs:

- Reliance on Council Tax increase, Planning and Building Control income – affected by Government policy, economy and local political decision making
- The unknown economic impact on inflation and interest rates
- Reducing Homelessness Grant
- Revenue impact of additional unsupported borrowing to fund capital schemes
- Capital scheme costs not meeting capitalisation rules resulting in being charged to the revenue account

Council Tax Support Scheme

- 3.33 The Council Tax Support Scheme, which replaced council tax benefit on 1 April 2013, is reviewed annually. A range of assistance was introduced by Guildford to assist claimants and these schemes are actively promoted. A hardship fund was created to support claimants and the qualifying criteria revised to encourage take up. Discretionary Housing Payments are also available. Guildford officers are proactively supporting households that are most affected by welfare reforms. Experience shows that the take up of discretionary support is low and the Council Tax Scheme remains successful in supporting council taxpayers. It is, therefore, recommended that the current scheme remains unchanged for 2023/24.

Local Government Act 2003 – Financial

- 3.34 The Local Government Act 2003 formally introduced a number of specific matters that the S151 Officer must comment on in the budget setting report. These are:

- Budget calculations
- Report on robustness of estimates
- Adequacy of reserves
- Budget monitoring

The sections were introduced to ensure sound financial management across all local authorities. Guildford's budget must comply with good financial management practice and prudent allowances made for risk and uncertainties in budgets. This is a work in progress that is a key corporate priority to be delivered by the JMT. Budgets are monitored by officers and reported to Members quarterly supplemented by monthly exception reports.

The Robustness of the Estimates

- 3.35 The 2023/24 budget has been prepared following a period of unprecedented uncertainty and risk due to the impact of the pandemic and global economic crisis on the Council and its finances. The Council continues to undergo significant internal change, initially under the Future Guildford transformation programme and is now collaborating with Waverley Borough Council. These changes have resulted in significantly increased risk to sound financial management and introduced uncertainty in some key areas. This is being addressed with increased experienced financial capacity, and a comprehensive financial review of service provision is currently underway as described above.
- 3.36 A prudent assessment of income has been undertaken and provision has been made within budgets to allow for the high rate of inflation and general

uncertainty. Guildford's Financial Plan, together with information presented to members during the year demonstrates the financial challenges in the future including the risks associated with the current economic situation.

- 3.37 In view of the level of awareness amongst Members and the action taken to produce Guildford's draft Budget for 2023/24, the Section 151 Officer is satisfied with the robustness of the estimates presented. The Section 151 Officer is confident that overall, the Budget is prudent, but the risks noted in this report must be acknowledged and increased monitoring during the year will be implemented.

Adequacy of Reserves

- 3.38 The General Fund balance supports fluctuations in normal business, e.g., unexpected changes in inflation or interest rates, higher than anticipated expenditure or loss of income, and spending on unforeseen events. Use of reserves has accelerated in the last two years and the MTFP shows a significant financial challenge. It is essential that adequate balances are available to meet these and unforeseen costs. Resolution of the 2023/24 and MTFP deficit will require a change in budget strategy and require a significant re-purposing of earmarked reserves to mitigate the transformation challenge and economic impacts on the Council's budget.
- 3.39 There is currently £32 million of earmarked reserves, along with the £3.75 million General Fund Working Balance. It is the view of the Section 151 Officer that this is adequate to mitigate the budget deficit in 2023/24 and provide mitigation to enable a revised budget strategy to deliver savings to support bringing the MTFP back into balance.
- 3.40 In the light of the identified future significant pressures, the levels of combined balances as detailed in this report are considered adequate.

Budget Monitoring

- 3.41 It is the view of the Section 151 Officer that the arrangements for budget monitoring, referred to above, requires additional capacity and experience to deliver robust financial management in line with the requirements of the Local Government Act 2003. Budget Monitoring against the budget in 2022/23 shows that the Council has a high degree of uncertainty in the robustness of the in-year reported financial position
- 3.42 Overall, the arrangements in place are sound but, with the uncertainty about the ongoing impact of the pandemic, and impact of the national economic position alongside significant savings being put forward by Heads of Service in the current 2022/23 budget and the draft budget for 2023/24 and the increasing reliance on achieving income targets, close monitoring will be essential to head off any potential adverse budget

variations. The mitigating provisions put in place in the draft 2023/24 are sound measures to address the current level of uncertainty.

4. Consultations

Joint Executive Advisory Board – 24 January 2023

- 4.1 The Joint Executive Advisory Board (JEAB) reviewed the draft budget report at its meeting on 24 January 2023 and their comments, which were reported to the Executive at its meeting on 26 January, are set out below:
1. The JEAB was reassured that the Council's financial position was sound and it had not overextended its borrowing capability in order to fund capital projects. In terms of projects, the Weyside Urban Village scheme represented the greatest risk. A governance audit of the scheme had been undertaken and resulted in some recommendations to strengthen the governance arrangements. There was an intention to keep councillors informed of the financial projections relating to the scheme.
 2. During the last year, the Council's asset base had been revalued and found to have increased in value by £60 million. During the same timeframe, debt in the region of £40 million had been repaid, increasing the value of the authority's asset position by £100 million to reach a total of £750 million. This was a strong asset base compared to many other local authorities.
 3. The majority of assets held by the Council were revenue generating and if sold would reduce income to the revenue account, therefore there was no intention to sell such properties. There was a need to identify the correct balance to be achieved between selling assets to release cash and incurring the cost of borrowing funds.
 4. There were opportunities to consolidate services and operational buildings to free properties for sale and the Assets Team was undertaking a review to identify under-utilised or surplus property or land which could be sold to generate income.
 5. There was no guarantee that the New Homes Bonus would be paid to the Council by the Government in future years and the Medium-Term Financial Plan made an assumption that this funding would not be received. In the absence of the Bonus, it was felt that the Government should identify an alternative incentive to encourage the delivery of housing. The Revenue Settlement Grant could play a role in this area.

- 4.2 The Capital and Investment Strategy was also considered by the JEAB on 24 January and by Corporate Governance and Standards Committee on 19 January 2022.
- 4.3 Officers have consulted the Lead Councillor for Finance and Planning Policy about assumptions to be used on the level of council tax increase and the proposed budget (including balancing the budget) and he agrees with the approach taken in this report.

5. Key Risks

- 5.1 Covered in the risk section at paragraph 3.32 above.

6. Financial Implications

- 6.1 All decisions made with regard to the budget will impact on Guildford's resources.

7. Legal Implications

- 7.1 The Local Government Finance Act 1992 stipulates that the Council must set an amount of council tax payable for the financial year 2023/24 by 11 March 2023.
- 7.2 There are statutory requirements in relation to consultation with users of the services the Council provides, employees and employee representatives.
- 7.3 When considering decisions on the budget and the level of Council Tax, Members should have regard to the legal framework for such decisions.
- 7.4 It may not be set before all precepts have been issued and the decision cannot be delegated to a committee or to Officers. Before setting the level of the tax the Council must have agreed a balanced budget, differentiated by services, which is sufficient to meet estimated revenue expenditure, levies, contingencies, any deficit estimated to be brought forward from previous years, and any amounts required to be transferred between funds. The tax itself must be sufficient to cover the difference between the agreed budget less government grants, retained Business Rates and other grants credited to the consolidated revenue account, and any other expenditure which must be met from the Collection Fund, less any surplus (or plus any deficit) brought forward from previous years.
- 7.5 In reaching decisions on these matters, Members are bound by the general principles of administrative law and must not fetter their discretion. All relevant considerations must be taken into account and disregard irrelevant ones. Any decision made must be one that only a reasonable

authority, properly directing itself, could have reached. Members must also balance the interests of service users against those who contribute to the Council's finances. The full resources available to the Council must be deployed to their best advantage and Members must act prudently.

- 7.6 Among the relevant considerations, which Members must take into account in reaching their decisions, are the views of business ratepayers and the advice of officers. The duty to consult representatives of non-domestic ratepayers on the Council's expenditure plans which existed under previous legislation is repeated in Section 65 of the Local Government Finance Act 1992.
- 7.7 In considering the advice of officers, and the weight to be attached to that advice, Members must have regard to the personal duties placed upon the Executive Head of Finance, the Council's Section 151 Officer. The Council may take decisions which are at variance with his advice, providing there are reasonable grounds to do so. However, Members must take into consideration their exposure to a personal risk if they disregard clearly expressed advice, for example, as to the level of provision required for contingencies, bad debts and future liabilities.
- 7.8 The Council is required by the Local Government Act 1972 and by the Accounts and Audit Regulations 2015 to ensure that the Council's budgeting, financial management, and accounting practices meet relevant statutory and professional requirements. Furthermore Section 25 of the Local Government Act 2003 requires the Executive Head of Finance to report on the robustness of the budget estimates and the adequacy of reserves to which Members must have regard.
- 7.9 Members must also have regard to and be aware of the wider duties placed upon the Council by various statutes governing the conduct of its financial affairs. These include the distinction between revenue and capital expenditure, specified within the Local Government and Housing Act 1989. The Local Government Act 2003 requires that the prudential borrowing limits are set by the Council having regard to the Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential Code ("the code"). This sets out a framework for self-regulation of capital spending, in effect allowing Councils to invest in capital projects without any limit, so long as they are affordable, prudent and sustainable. To facilitate this arrangement the code requires the Council to agree and monitor a number of prudential indicators.
- 7.10 Section 106 of the Local Government Finance Act 1992 makes it a criminal offence for any Member with arrears of Council Tax which have been outstanding for two months or more to attend any meeting of the Council or one of its committees at which a decision affecting the budget is to be made, unless the Member concerned declares at the outset of the

meeting that they are in arrears and will not be voting on the decision for that reason. The Member concerned must then abstain from voting. The application of Section 106 is very wide and there have been successful prosecutions under this legislation. It can include meetings held at any time during the year, not just the annual budget meeting, and it may include meetings of committees or sub-committees as well as Council meetings. Members should be aware that the responsibility for ensuring that they act within the law at all times rest solely with the individual Member concerned.

- 7.11 Having set a budget at the beginning of the year, the Council is also under a duty to monitor that budget during the course of the year and to take remedial action if at any time it appears likely that expenditure will exceed available resources. Members are aware of the duty of the Section 151 Officer under Section 114(3) of the Local Government Finance Act 1988 to report to the Council if it appears that this will happen, and of the impact of Section 115(6) which prohibits any new agreement which would incur expenditure from being entered into following the issuing of such a report and pending its consideration by the Council. The Members of the Council, having received a Section 114 report are obliged to take all reasonable and practicable measures to bring the budget back into balance.
- 7.12 A Section 114 report is a serious matter which can destabilise an authority and can only be avoided by prudent budgeting and effective budgetary control. This adds emphasis to the need for an adequate contingency provision and a strong corporate commitment to holding chief officers accountable for containing expenditure within cash limits approved during the budget process.
- 7.13 It is the duty of the Executive Head of Finance as the Section 151 Officer to provide the relevant financial information, which is or ought to be available and advise on the financial prudence of options before Members, and Members must take account of such information and advice in reaching their decisions. The Council is however free to take decisions which are at variance with the advice of those officers, providing there are reasonable grounds to do so.
- 7.14 The Executive Head of Finance must consider whether in his view the Council has agreed a balanced budget which is capable of delivery taking all known factors into account. In the event that he considers this not to be the case, then he has a personal duty to indicate this by issuing the Council with a notice under Section 114 Local Government Finance Act 1988.

8. Human Resource Implications

- 8.1 Resource implications are included within the detailed budget.

9. Equality and Diversity Implications

- 9.1 There are no direct equality, diversity or inclusion implications in this report. Equality impact assessments of the detailed budget proposals will be carried out to ensure service delivery meets the requirements of the Public Sector Equality Duty under the Equality Act 2010.

10. Climate Change/Sustainability Implications

- 10.1 There are no direct implications arising from this report. A number of projects in the Capital programme have positive climate change impacts.

11. Summary of Options

- 11.1 Set out within the papers.

12. Conclusion

- 12.1 Having a robust, sustainable budget is essential to deliver all aspects of the Corporate Plan and the MTFP set out in this report is at the heart of its delivery.

13. Background Papers

None.

14. Appendices

Appendix 1: draft Medium Term Financial Plan 2023/24 – 2026/27
Appendix 2: draft General Fund Revenue Budget Summary 2023/24
Appendix 3: statement of key variations from the baseline 2022/23 budget
Appendix 4: draft Fees & Charges for 2023/24
Appendix 5: schedule of projected General Fund usable reserves 2023/24

Guildford Borough Council

Appendix 1 – draft Medium Term Financial Plan 2023/24 – 2026/27

	Draft Budget	Forecast Estimates			Total
	Changes from 2022/23 base	Changes from 2023/24 base	Changes from 2024/25 base	Changes from 2025/26 base	
	2023/24	2024/25	2025/26	2026/27	
Anticipated Budget variations:					
Base budget:	11,023,768	11,392,761	11,850,740	12,207,440	
Changes at Directorate level:					
Inflation and contractual increases	819,827	851,200	442,600	451,500	2,565,127
Payroll error	1,849,000	-	-	-	1,849,000
Utilities	2,000,000	231,800	243,000	153,000	2,627,800
Pay Award	3,266,850	278,000	800,000	822,000	5,166,850
Net changes in service provision	(224,872)	-	-	-	(224,872)
Total: Changes at Directorate level	7,710,805	1,361,000	1,485,600	1,426,500	11,983,905
Corporate financing:					
Interest earned from treasury management	(2,488,660)	1,721,380	555,400	(643,680)	(855,560)
HRA share of interest earned	1,539,250	349,640	(152,510)	(351,570)	1,384,810
Interest paid on capital programme financing	245,060	4,203,550	2,003,550	403,550	6,855,710
Minimum Revenue Provision (Loan principal repayment)	235,532	230,473	2,148,795	79,199	2,693,999
Revenue funding of capital schemes	(508,000)	-	-	-	(508,000)
Transfers to and from reserves:	(2,630,973)	62,500	62,500	62,500	(2,443,473)
Central Government funding:					
Retained Business rates	(223,256)	(59,000)	118,000	-	(164,256)
Services grant	85,491	-	-	-	85,491
Lower tier services grant	134,000	-	-	-	134,000
Revenue Settlement Grant	(114,006)	-	-	-	(114,006)
New Homes Bonus grant	(516,474)	1,282,629	-	-	766,155
Total: Anticipated Budget variations:	3,468,768	9,152,172	6,221,335	976,499	7,834,869
Total budget requirement:	14,492,536	20,544,933	18,072,075	13,183,939	
Less council tax	(11,392,761)	(11,850,740)	(12,207,440)	(12,574,870)	
Deficit/(Surplus) in year	3,099,775	8,694,193	5,864,635	609,069	
Cumulative Deficit/(Surplus)	3,099,775	11,793,968	17,658,603	18,267,672	

Note: figures showing as a minus sign () indicate a favourable change from previous years budget

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Guildford Borough Council

Appendix 2 - Draft General Fund Revenue Budget Summary 2023/24

	Approved Budget 2022-23	Draft budget 2023-24	Change	
Directorates - Net Expenditure	11,105,077	11,105,077	0	
Anticipated Directorate budget variations:	0	7,710,805	7,710,805	See appendix 3
	<u>11,105,077</u>	<u>18,815,882</u>	<u>7,710,805</u>	
Budget Strategy savings to be identified and one off use of reserves		(3,099,775)	(3,099,775)	
<u>Corporate financing:</u>				
Interest earned from treasury management	(1,001,520)	(3,490,180)	(2,488,660)	
HRA share of interest earned	53,930	1,593,180	1,539,250	
Interest paid on external borrowing	450,430	695,490	245,060	
Minimum Revenue Provision (Loan principal repayment)	1,545,213	1,780,745	235,532	
Reserves funded maintenance schemes in capital programme	1,008,000	500,000	(508,000)	
<u>Transfers to and from reserves:</u>				
Car Park Maintenance reserve	(333,000)	0	333,000	
Election Costs reserve	62,500	(250,000)	(312,500)	
IT Renewals reserve	543,000	(568,760)	(1,111,760)	
Invest to Save reserve	433,086	0	(433,086)	
New Homes Bonus reserve	766,155	0	(766,155)	
Spectrum reserve	196,472	0	(196,472)	
Other reserves	222,700	78,700	(144,000)	
<u>Central Government funding:</u>				
Retained Business rates	(2,928,870)	(3,152,126)	(223,256)	
Services grant	(199,250)	(113,759)	85,491	
Lower tier services grant	(134,000)	0	134,000	
Revenue Settlement Grant	0	(114,006)	(114,006)	
New Homes Bonus grant	(766,155)	(1,282,629)	(516,474)	
Total: Net Budget to be funded from Council Tax	11,023,768	11,392,761	368,993	
Council Tax:				
Ctax 2022/23 base excluding Parish Precepts	(10,398,603)	(10,898,313)	(499,710)	
Increase due to change in council tax base	(213,913)	(163,694)	50,219	
Ctax price increase 23/23 £5 23/24 2.99%	(285,797)	(330,754)	(44,957)	
Council Tax: Collection Fund (surplus)/deficit	(125,455)	0	125,455	
Total: Council Tax	(11,023,768)	(11,392,761)	(368,993)	

Note: figures showing as a minus sign () indicate a favourable budget change

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Guildford Borough Council

Appendix 3 – Anticipated budget variations from the baseline 2022/23 budget

Anticipated budget variations	2023/24
ICT Inflation	149,308
Insurance inflation	300,000
Fuel Inflation	370,519
Payroll error	1,849,000
Utilities	2,000,000
Pay Award	3,266,850
Directorate net budget adjustments	(224,872)
Total: Anticipated budget variations	7,710,805

Analysis of: Directorate net budget adjustments	2023/24
Fees and charges uplift	(1,004,286)
Property lease adjustments	(906,737)
Payroll changes	(833,998)
SCC Grant Income - Family support	(248,000)
G&W Collaboration	(200,000)
Service budget adjustments	(35,780)
Case team additional staff	100,420
External Audit contract increase	102,000
Parks seasonal staffing	140,000
Technical Services - materials	142,100
Salesforce further development	143,000
IT application support	170,000
Business World support	171,830
Refuse and Recycling	219,500
Planning development staffing	387,685
SCC Parking	1,427,394
Total: Directorate net budget adjustments	(224,872)

Note: figures showing as a minus sign () indicate a favourable budget change

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**GUILDFORD BOROUGH COUNCIL
GENERAL FUND BUDGET 2023-24**

FEES AND CHARGES

	2021-22 from 1 April 2021 £	2022-23 from 1 April 2022	2023-24 DRAFT	Increase %
To be approved by Council				
Gypsy Caravan Sites - Pitch Rental				
Ash Bridge & Cobbetts Close Sites (per week)	84.00	87.00	89.60	3.0%
Calvert Road	87.00	90.00	92.70	3.0%
Home Farm	85.50	89.00	91.70	3.0%
Stray Dogs				
A £25.00 statutory fee is included within the charge.				
1st day or part of day	120.00	124.00	127.70	3.0%
2nd day or part of day	140.00	144.00	148.30	3.0%
3rd day or part of day	161.00	166.00	171.00	3.0%
4th day or part of day	189.00	195.00	200.90	3.0%
5th day or part of day	218.00	225.00	231.80	3.0%
6th day or part of day	247.00	254.00	261.60	3.0%
7th day or part of day	285.00	294.00	302.80	3.0%
Microchipping of Dogs (England) Regulations 2015				
Microchipping of dog - seizure of dog, microchipping by vet and return to owner	Fee no longer applicable			
Registration – Acupuncture, tattooing, etc.				
Premises and/or One Practitioner	245.00	252.00	259.60	3.0%
Per Additional Practitioner	93.00	96.00	98.90	3.0%
Food Hygiene Revisits	305.00	314.00	323.40	3.0%
Pest Control				
(The charges shown are based on the cost of labour, transport plus materials)				
Domestic Premises				
Wasps (max 1 nest per premise)	70.00	72.00	80.00	11.1%
Wasps (extra nest at same visit)	38.00	39.00	43.00	10.3%
Other Treatments	85.00	88.00	95.00	8.0%
Other Treatments (houses of multiple occupation)	120.00	124.00	136.00	9.7%
Rodents	Free of Charge	45.00	55.00	22.2%

* = includes VAT at 20%

	2021-22 from 1 April 2021 £	2022-23 from 1 April 2022	2023-24 DRAFT	Increase %
Domestic Premises where the main occupier is receiving income support or benefits				
Wasps (max 1 nest per premise)	38.00	39.00	43.00	10.3%
Wasps (extra nest at same visit)	38.00	39.00	43.00	10.3%
Other Treatments	55.00	57.00	63.00	10.5%
Rodents	Free of Charge			
Services of Environmental Health Officer				
- per hour or part thereof	63.00	65.00	67.00	3.1%
Due to the England Local Authority review of fees and charges these may be subject to change				
Miscellaneous				
Extracts from Registers - Food Safety Act, per page. Under the Freedom of Information Act 2000 the charge is waived as the cost of collecting the fee is more than the charge.	Free of Charge			
Sex Establishments - Fixed by Council				
Application fee	1,522.00	1568.00	1,615.00	3.0%
Fee of Grant	155.00	160.00	164.80	3.0%
Contaminated Land & Air Quality				
Responding to enquiries about contaminated land – report with plan - First hour with administration	86.00	89.00	91.70	3.0%
Each additional hour	82.00	84.00	86.50	3.0%
<i>Note: for more extensive enquiries the fee is based on the hourly rate of the EHO added to the basic fee</i>				

* = includes VAT at 20%

	2021-22 from 1 April 2021 £	2022-23 from 1 April 2022	2023-24 DRAFT	Increase %
Private water supply				
Private water supply with a distribution network - investigation when a sample fails	Hourly rate £82.00 maximum £100		Hourly rate £82.00 maximum £100	
Large private water supply - risk assessment	Hourly rate £82.00 maximum £500		Hourly rate £82.00 maximum £500	
Large Private water supply - investigation when a sample fails	Hourly rate £82.00 maximum £100		Hourly rate £82.00 maximum £100	
Large Private water supply - analysing a sample taken during check monitoring group A parameters	Hourly rate £82.00 maximum £100		Hourly rate £82.00 maximum £100	
Large Private water supply - analysing a sample taken during check monitoring group B parameters	Hourly rate £82.00 maximum £500		Hourly rate £82.00 maximum £500	
Other private water supply not covered by regulation 8 and 9 supplies - risk assessment	Hourly rate £82.00 maximum £500		Hourly rate £82.00 maximum £500	
Other private water supply not covered by regulation 8 and 9 supplies - investigation when a sample fails	Hourly rate £82.00 maximum £100		Hourly rate £82.00 maximum £100	
Analysing a sample –Taken under regulation 10	Cost as charged by labs not exceeding £25		Cost as charged by labs	
Analysing a sample –Taken during check monitoring	Cost as charged by labs not exceeding £100		Cost as charged by labs	
Analysing a sample –Taken during audit monitoring	Cost as charged by labs not exceeding £500		Cost as charged by labs	
Extracts from Registers				
Environmental Protection Act - per page	Free of Charge	Free of Charge	Free of Charge	
Miscellaneous				
Reports to Solicitors on the circumstances relating to workplace accidents (excl. cost of photographs) - up to 2 hours, extra charged at the hourly rate				
From April 2017 this will be charged at the hourly rate	63.00	65.00	67.00	3.1%
Animal Activities Licensing				
The law has changed as of 1 October 2018 and the Animal Welfare (Licensing of Activities Involving Animals) (England) Regulations 2018 are now in force.				
Premises already licensed under the old legislation will continue to be licensed until such time as their licence expires. They will then have to apply for a new licence under the new regulations.				
Animal Boarding				
Application Fee	672.00	692.00	712.80	3.0%
Fee for Grant	271.00	279.00	287.40	3.0%
<i>Any vet fees will be payable upon application and as required for licence duration</i>				

* = includes VAT at 20%

	2021-22 from 1 April 2021 £	2022-23 from 1 April 2022	2023-24 DRAFT	Increase %
Home Boarding				
Application Fee	672.00	692.00	712.80	3.0%
Fee for Grant	271.00	279.00	287.40	3.0%
<i>Any vet fees will be payable upon application and as required for licence duration</i>				
Dog Day Care				
Application Fee	672.00	692.00	712.80	3.0%
Fee for Grant	271.00	279.00	287.40	3.0%
<i>Any vet fees will be payable upon application and as required for licence duration</i>				
Dog Breeding				
Application Fee	777.00	800.00	824.00	3.0%
Fee for Grant	213.00	219.00	225.60	3.0%
<i>Any vet fees will be payable upon application and as required for licence duration</i>				
Keeping Animals for Exhibition				
Application Fee	283.00	291.00	299.70	3.0%
Fee for Grant	142.00	146.00	150.40	3.0%
<i>Any vet fees will be payable upon application and as required for licence duration</i>				
Selling Animals as Pets				
Application Fee	446.00	459.00	472.80	3.0%
Fee for Grant	223.00	230.00	236.90	3.0%
<i>Any vet fees will be payable upon application and as required for licence duration</i>				
Hiring out Horses				
Application Fee	545.00	561.00	577.80	3.0%
Fee for Grant	273.00	281.00	289.40	3.0%
<i>Any vet fees will be payable upon application and as required for licence duration</i>				
Dangerous Wild Animals				
-New	408.00	420.00	432.60	3.0%
-Renewal	213.00	219.00	225.60	3.0%
Zoo Licence				
-New	2,375.00	2446.00	2,519.40	3.0%
-Renewal	2,375.00	2446.00	2,519.40	3.0%

* = includes VAT at 20%

	2021-22 from 1 April 2021 £	2022-23 from 1 April 2022	2023-24 DRAFT	Increase %
Each Additional Licence Activity				
Application Fee	83.00	85.00	87.60	3.1%
Fee for Grant	91.00	94.00	96.80	3.0%
Each Additional Inspection	101.00	104.00	107.10	3.0%
Advisory Visit		TBC to be set as part of a wider charging for advice regime		
Variation to Licence	224.00	231.00	237.90	3.0%
Re-evaluation of Rating	224.00	231.00	237.90	3.0%
Variations to reduce the licensable activities or numbers of animals	92.00	95.00	97.90	3.1%
Transfer due to death of Licensee	92.00	95.00	97.90	3.1%
Street Trading				
Street Trading Total Fee	359.00	370.00	381.10	3.0%
Street Trading Community Event	40.00	41.00	42.20	2.9%
Charges for issue of a consent under the provisions of the Local Government (Miscellaneous) Provisions Act 1982				
Day Centres				
Price per meal:				
Member	4.40	4.60	4.70	2.1%
Non member	6.20	6.40	6.60	3.2%
Main course only - member	3.10	3.20	3.30	3.0%
Main course only - non member	4.30	4.50	4.60	2.2%
Dessert only - member	1.40	1.50	1.60	6.5%
Dessert only - non member	2.00	2.10	2.20	4.8%
Theme Meal - member	6.00	6.20	6.40	3.2%
Theme Meal - non member	7.50	7.70	7.90	2.7%

* = includes VAT at 20%

	2021-22 from 1 April 2021 £	2022-23 from 1 April 2022	2023-24 DRAFT	Increase %
Membership Fees:				
Day Centre only	13.00	13.40	13.80	3.0%
Day Centre and Dial a Ride (50% is for Community Transport)	20.00	20.60	21.20	2.9%
Membership Top Up Transport	6.80	7.00	7.20	2.8%
Membership Top Up Transport	6.80	7.00	7.20	2.8%
Day Centre Activities**	3.40	3.50	3.60	2.8%
Income from other services***e.g. hairdressing and chiropody (% of takings)	20%	21%	21%	3.0%
<i>**These are activities such as Tai Chi and Line Dancing provided by external facilitators</i>				
<i>*** These charges were previously retained by the centre welfare funds</i>				
Meals on Wheels Service				
Price per meal	4.40	4.50	4.60	2.2%
Hire of Halls				
Voluntary and Not for Profit Providers per Hour	25.00	26.00	26.80	3.1%
Educational Activities	26.00	27.00	27.80	3.0%
Private hire	35.00	36.00	37.00	2.8%
Half Day	110.00	113.00	116.50	3.1%
Full Day	220.00	227.00	230.00	1.3%

* = includes VAT at 20%

	2021-22 from 1 April 2021 £	2022-23 from 1 April 2022	2023-24 DRAFT	Increase %
Community Transport Service				
Single Membership Fees:	13.00	13.50	13.90	3.0%
Dial a Ride only	13.00	13.50	13.90	3.0%
Community Transport to Day Centre	13.00	13.50	13.90	3.0%
Day Centre and Dial a Ride (half this fee relates to Day Centres)	20.00	20.50	22.00	7.3%
 Group Membership Fees:	 60.00	 62.00	 63.90	 3.1%
Vehicle Hire per 1/2 hr	10.00	10.50	10.80	2.9%
Charge per mile	1.00	1.00	1.00	0.0%
Passenger charge (min 5 people)	6.00	6.50	6.70	3.1%
 Single Journey				
1 mile	2.90	3.00	3.10	3.4%
2 miles	3.40	3.50	3.60	2.8%
3 miles	3.90	4.00	4.10	2.6%
4 miles	4.40	4.50	4.60	2.2%
5 miles	4.90	5.00	5.10	2.1%
6 miles	5.50	5.50	5.60	1.9%
7 miles	6.00	6.00	6.10	1.7%
8 miles	6.50	6.50	6.60	1.6%
9 miles	7.00	7.00	7.10	1.4%
10 miles	7.50	7.50	7.60	1.4%
11 miles	8.00	8.00	8.10	1.3%
12 miles	8.50	8.50	8.60	1.2%
13 miles	9.50	9.50	9.10	-4.2%
14 miles	10.00	10.00	9.60	-4.0%
15 miles. Journeys above 15 miles are not undertaken.	10.50	10.50	10.10	-3.8%
 Handyperson Service - Available for the over 60's, disabled and vulnerable				
General Services (per hour incl VAT)	25.00	26.00	27.00	3.8%
General Services for those on benefits (per hour incl VAT)	15.00	15.50	16.00	3.2%
Safe and Secure Works for those on benefits	Free of Charge			

* = includes VAT at 20%

	2021-22 from 1 April 2021 £	2022-23 from 1 April 2022	2023-24 DRAFT	Increase %
Approved under Delegated Authority				
Private Sector Housing				
HMO Licences (Discount of £25 if applicant is a member of a recognised landlord organisation) (Discount of £50 if applicant is an accredited Landlord of the Guildford Letting Scheme) (Both discounts can not be applied at the same time)	885.00	912.00	939.40	3.0%
Late application fee	No longer applicable			
Careline				
Weekly Charges				
Sheltered accommodation clients	0.60	0.65	0.70	8.0%
Elderly Persons dwellings clients	3.25	3.35	3.40	1.5%
Private Sector Clients (dispersed alarms)	4.60	4.75	4.90	3.2%
Responder Services (out of hours)	1.40	1.45	1.50	3.0%
Caravan Licence				
New Licence Application				
Number of Pitches 1 - 5	375.00	387.00	398.60	3.0%
Number of Pitches 6 - 15	391.00	402.00	414.10	3.0%
Number of Pitches 16 - 45	516.00	532.00	548.00	3.0%
Number of Pitches 46 and greater	563.00	580.00	597.40	3.0%
Transfer of Existing Licence				
Number of Pitches 1 - 5	136.00	140.00	144.20	3.0%
Number of Pitches 6 - 15	136.00	140.00	144.20	3.0%
Number of Pitches 16 - 45	136.00	140.00	144.20	3.0%
Number of Pitches 46 and greater	136.00	140.00	144.20	3.0%
Application to vary a Site Licence				
Number of Pitches 1 - 5	236.00	243.00	251.00	3.3%
Number of Pitches 6 - 15	252.00	260.00	268.00	3.1%
Number of Pitches 16 - 45	283.00	292.00	301.00	3.1%
Number of Pitches 46 and greater	330.00	340.00	352.00	3.5%

* = includes VAT at 20%

	2021-22 from 1 April 2021 £	2022-23 from 1 April 2022	2023-24 DRAFT	Increase %
Annual Licence Fee				
Number of Pitches 1 - 5	446.00	460.00	92.00	-80.0%
Number of Pitches 6 - 15	514.00	530.00	133.00	-74.9%
Number of Pitches 16 - 45	634.00	653.00	219.00	-66.5%
Number of Pitches 46 and greater	682.00	703.00	354.00	-49.6%
Fit and Proper Licence Fee (introduced 2021)				
Licence Application Fee		204.00	218.00	6.9%
Annual licence fee where up to 1 Condition		221.00	234.00	5.9%
Annual licence fee where up to 2 Conditions		330.00	351.00	6.4%
Annual licence fee where 3 or more Conditions		393.00	418.00	6.4%
Deposit of Site Rules				
Number of Pitches 1 - 5	35.00	36.00	37.10	3.1%
Number of Pitches 6 - 15	35.00	36.00	37.10	3.1%
Number of Pitches 16 - 45	35.00	36.00	37.10	3.1%
Number of Pitches 46 and greater	35.00	36.00	37.10	3.1%
Scrap Metal				
Site Licence	204.00	210.00	216.30	3.0%
Mobile Collector	187.00	193.00	198.80	3.0%
Local Authority Pollution Protection Control				
Fees are set by Statute and are available on request from the Environmental Control service.				
Hackney Carriages and Private Hire Vehicles				
Hackney Carriage Vehicle (new/renew)	196.04	268.13	276.20	3.0%
Private Hire Vehicle (new/renew)	172.62	262.45	270.30	3.0%
Hackney Licence Vehicle Change	32.04	25.88	26.70	3.2%
Vehicle Licence Plates	22.32	22.32	23.00	3.0%
Private Hire Vehicle Change	32.04	25.88	26.70	3.2%
Test Fee	58.00	58.00	59.70	2.9%
Hackney carriage temporary vehicle licence (3 months)	80.08	111.7	115.10	3.0%
Private hire temporary vehicle licence (3 months)	74.22	110.28	113.60	3.0%
Private hire vehicle signs (two signs)	21.93	25.80	26.60	3.1%

* = includes VAT at 20%

	2021-22 from 1 April 2021 £	2022-23 from 1 April 2022	2023-24 DRAFT	Increase %
Hackney Carriage and Private Hire Drivers				
Hackney Drivers Licence Fee (new/renew)	454.69	371.44	382.60	3.0%
Private Hire Drivers Licence Fee (new/renew)	454.69	371.44	382.60	3.0%
Hackney Drivers Knowledge Test	44.60	44.60	45.90	2.9%
Private Hire Drivers Knowledge Test	24.82	24.82	25.60	3.1%
Private Hire Replacement Badge	13.66	13.66	14.10	3.2%
Convert from Private Hire Driver to Hackney Carriage Driver	18.60	18.64	19.20	3.0%
Private Hire Operators Licence	970.97	2,223.10	2,289.80	3.0%
# subject of a report to Licensing Committee date tbc, and a further period of statutory consultation.				
Statutory Permits				
Unlicensed Family Entertainment Centre				
- new application	300.00	300.00		-100.0%
- fast track application	100.00	100.00		-100.0%
- renewal	300.00	300.00		-100.0%
- change of name	25.00	25.00		-100.0%
- copy permit	15.00	15.00		-100.0%
Club Gaming Permit				
- new application	200.00	200.00		-100.0%
- fast track application	100.00	100.00		-100.0%
- renewal	200.00	200.00		-100.0%
- vary permit	100.00	100.00		-100.0%
- annual fee	50.00	50.00		-100.0%
- copy permit	15.00	15.00		-100.0%
Club Machine Permit				
- new application	200.00	200.00		-100.0%
- fast track application	100.00	100.00		-100.0%
- renewal	200.00	200.00		-100.0%
- vary permit	100.00	100.00		-100.0%
- annual fee	50.00	50.00		-100.0%
- copy permit	15.00	15.00		-100.0%

* = includes VAT at 20%

	2021-22 from 1 April 2021 £	2022-23 from 1 April 2022	2023-24 DRAFT	Increase %
Premises licensed to sell alcohol				
- notification (automatic entitlement)	50.00	50.00	50.00	0.0%
- new application	150.00	150.00	150.00	0.0%
- fast track application	100.00	100.00	100.00	0.0%
- change of name	25.00	25.00	25.00	0.0%
- vary permit	100.00	100.00	100.00	0.0%
- annual fee	50.00	50.00	50.00	0.0%
- copy permit	15.00	15.00	15.00	0.0%
- transfer permit	25.00	25.00	25.00	0.0%
Prize Gaming Permit				
- new application	300.00	300.00	300.00	0.0%
- fast track application	100.00	100.00	100.00	0.0%
- renewal	300.00	300.00	300.00	0.0%
- change of name	25.00	25.00	25.00	0.0%
- copy permit	15.00	15.00	15.00	0.0%
Lotteries				
- registration of society	40.00	40.00	40.00	0.0%
- renewal (annual fee)	20.00	20.00	20.00	0.0%
Pavement Licence (NEW)		100.00	100.00	0.0%

Approved by the Government

Fee to be applied by Guildford Borough Council

Environmental Protection Act 1990-Fees for authorisation of industrial process Note: these fees are prescribed nationally by regulation and are reviewed annually by DCLG.

Statutory Maximum									
Classes of Premises licence	Non-conversion application fee in respect of other premises	Annual fee	Maximum fee for application to vary licence	Fee for application to transfer a licence	Fee for application for reinstatement of a licence	Fee for application for provisional statement	Fee for Licence Application (provisional Statement Holders)	Fee for Copy Licence	Fee for Notification of Change
	£	£	£	£	£	£	£	£	£
Regional casino premises licence	15,000.00	15,000.00	7,500.00	6,500.00	6,500.00	15,000.00	8,000.00	25.00	50.00
Large casino premises licence	10,000.00	10,000.00	5,000.00	2,150.00	2,150.00	10,000.00	5,000.00	25.00	50.00
Small casino premises licence	8,000.00	5,000.00	4,000.00	1,800.00	1,800.00	8,000.00	3,000.00	25.00	50.00
Bingo premises licence	3,500.00	1,000.00	1,750.00	1,200.00	1,200.00	3,500.00	1,200.00	25.00	50.00
Adult gaming centre premises licence	2,000.00	1,000.00	1,000.00	1,200.00	1,200.00	2,000.00	1,200.00	25.00	50.00
Betting premises (track) licence	2,500.00	1,000.00	1,250.00	950.00	950.00	2,500.00	950.00	25.00	50.00
Family entertainment centre premises licence	2,000.00	750.00	1,000.00	950.00	950.00	2,000.00	950.00	25.00	50.00
Betting premises (other) licence	3,000.00	600.00	1,500.00	1,200.00	1,200.00	3,000.00	1,500.00	25.00	50.00

Guildford Borough Council Fee									
Classes of Premises licence	Non-conversion application fee in respect of other premises	Annual fee	Maximum fee for application to vary licence	Fee for application to transfer a licence	Fee for application for reinstatement of a licence	Fee for application for provisional statement	Fee for Licence Application (provisional Statement Holders)	Fee for Copy Licence	Fee for Notification of Change
	£	£	£	£	£	£	£	£	£
Regional casino premises licence	2,513.21	845.84	2,513.21	926.87	926.87	2,513.21	2,513.21	15.00	30.00
Large casino premises licence	2,513.21	845.84	2,513.21	926.87	926.87	2,513.21	2,513.21	15.00	30.00
Small casino premises licence	2,513.21	845.84	2,513.21	926.87	926.87	2,513.21	2,513.21	15.00	30.00
Bingo premises licence	2,449.78	724.23	1,449.78	864.29	864.29	2,449.78	958.94	15.00	30.00
Adult gaming centre premises licence	1,984.12	590.37	493.28	273.53	764.36	1,984.12	493.28	15.00	30.00
Betting premises (track) licence	1,984.12	590.37	984.12	273.53	764.36	1,984.12	493.28	15.00	30.00
Family entertainment centre premises licence	1,984.12	590.37	493.28	273.53	764.36	1,984.12	493.28	15.00	30.00
Betting premises (other) licence	1,984.12	590.37	493.28	273.53	764.36	1,984.12	764.36	15.00	30.00

	2021-22 From 1 April 2021 £	2022-23 From 1 April 2022	2023-24 proposed	Increase %
To be approved by Council				
Off Street Car Park Charges				
Contract Car Parking				
Main car parks - Monday to Friday only - Per year	2,528.19 *	2,604.00	2,604.00	0.0%
Main car parks - Saturday only - Per year	505.76 *	521.00	521.00	0.0%
Main car parks - Monday to Saturday only - Per year	3,033.64 *	3,125.00	3,125.00	0.0%
Stoke Fields, Stoke Road, and Eagle Road car parks - Resident rate - Per year	607.47 *	626.00	626.00	0.0%
Season Ticket Parking				
Farnham Road car park - Monday to Friday only - Per year	1,964.70 *	2,024.00	2,024.00	0.0%
Farnham Road car park - Monday to Saturday only - Per year	2,357.62 *	2,428.00	2,428.00	0.0%
York Road car park - Monday to Friday only - Per year	2,166.08 *	2,231.00	2,231.00	0.0%
York Road car park - Monday to Saturday only - Per year	2,599.27 *	2,677.00	2,677.00	0.0%
Bedford Road car park - Monday to Friday only - Per year	2,210.65 *	2,277.00	2,277.00	0.0%
Guildford Park car park - Monday to Friday only - Per year	1,030.00 *	1,061.00	1,061.00	0.0%
Garages				
Gardner Road, Stoke Fields, Bedford Sheds - Residents only - Per year	764.72 *	788.00	815.00	3.4%
Gardner Road, Stoke Fields, Park Road - Non-residents - Per year	1,284.96 *	1,324.00	1,370.00	3.5%
Bedford Road Sheds - Non-resident - Per year	1,841.03 *	1,896.00	1,960.00	3.4%
Penalty Fee Notice				
Pay and display space	25.00	25.00	25.00	0.0%
Permit space	35.00	35.00	35.00	0.0%

*= includes VAT at 20%

	2021-22 From 1 April 2021 £	2022-23 From 1 April 2022	2023-24 proposed	Increase %
On Street Car Park Charges				
Parking Meter Charges				
Town centre - charge per 30 minutes	1.00	1.00	not applicable- charges set by Surrey Coun	
Town centre - charge per 30 minutes, 2 hr bays	0.80	0.80	not applicable- charges set by Surrey Coun	
Other on-street parking bays, 3 hr bays	0.60	0.60	not applicable- charges set by Surrey Coun	
Resident Permit				
First permit - per year	Price on application			
Second permit - per year	Price on application			
Vehicles under 1200cc or powered by an alternative fuel source are entitled to a 20% discount				
Visitor Permit				
Per permit	Price on application			
Business Permit				
First permit - per year	Price on application			
Second permit - per year	Price on application			
Vehicles under 1200cc or powered by an alternative fuel source are entitled to a 20% discount				
Carers Permit				
Per permit - Per year	Price on application			
Penalty Fee Notice				
Pay and display space	25.00	25.00	25.00	0.0%
Permit space	35.00	35.00	35.00	0.0%
Markets				
North Street - Market Stall per day per metre, stall frontage	15.00	15.50	16.00	3.2%

*= includes VAT at 20%

	2021-22 From 1 April 2021 £	2022-23 From 1 April 2022	2023-24 proposed	Increase %
Refuse Collection Service				
Special Collection of Household Refuse			-	
For a single item			-	
For 2 to 5 items			-	
For the collection of large quantities with charges being assessed by a Council Inspector				
Domestic Waste per hour or part thereof (Minimum charge 1 hour)			-	
Commercial Waste per hour or part thereof (Minimum 2 hours)			-	
Duty of care certificate	28.20 *	29.05	32.00	10.2%
Dog Fouling				
Fixed Penalty Charge		not applicable		
Replaced by public spaces protection orders (Anti Social Behaviour, Crime and Policing Act 2014)- fines of up to £100 on the spot or up to £1,000 if the matter goes to court				
Approved under Delegated Authority				
Cleansing				
Provision of bins to housing developments & redevelopments				
Initial supply and delivery of one refuse and one recycling standard 140ltr, 240ltr or 360ltr bins to new or refurbished properties	60.00	60.00	70.00	16.7%
Initial supply and delivery of 770ltr bins to new properties	290.00	305.00	375.00	23.0%
Initial supply and delivery of 1100ltr bins to new properties	295.00	310.00	380.00	22.6%
<i>Charges for 770ltr and 1100ltr bins are subject to change to reflect the cost to the Council of purchasing the bins from our supplier.</i>				
Recycling - Green Waste Bins				
Per Bin	41.00	45.00	48.00	6.7%
Replacement Bin	30.00	30.00	35.00	16.7%
1 Set of 4 - 60 litre sacks	41.00	45.00	48.00	6.7%
Refuse				
Replacement Bin	30.00	30.00	35.00	16.7%

*= includes VAT at 20%

	2021-22 From 1 April 2021 £	2022-23 From 1 April 2022	2023-24 proposed	Increase %
Miscellaneous for Small Businesses				
Sharps collection - service agreement for 6 months delivery and removal of 25 x 7cl Sharps boxes on monthly collection.		Price on application		
Food Waste				
Trade collection (per 120 litre container)		Price on application		
School collection (per 120 litre container)		Price on application		
Abandoned Vehicles				
Recovery and Release of vehicle	108.00	111.24	114.60	3.0%
Daily Charge (Monday to Friday)	12.00	12.36	12.70	2.8%
Streetscene related Penalty Charges - new (fees not reviewed for a number of years)				
FPN Fly Tipping		200.00	400.00	100.0%
FPN Duty of Care - Commercial	200.00	200.00	400.00	100.0%
FPN Duty of Care - Domestic	200.00	200.00	300.00	50.0%
FPN Litter, distribution of printed matter, and graffiti and fly-posting	50.00	50.00	150.00	200.0%
FPN Failure to produce Waste Transfer Note	300.00	300.00	300.00	0.0%
FPN Commercial Waste Receptacle Offences	100.00	100.00	110.00	10.0%
FPN Domestic Waste Receptacle Offences	60.00	60.00	80.00	33.3%
FPN Nuisance Parking	100.00	100.00	100.00	0.0%
FPN Abandoning a Vehicle	200.00	200.00	200.00	0.0%
Fixed Penalty Charge Dog Fouling (PSPO)	not applicable	100.00	100.00	0.0%
Approved by Government				
Public				
MOT	54.80	54.80	54.80	0.0%
Re-test within 24 hours on minor items	free of charge			
Re-test within 10 days	27.40	27.40	27.40	0.0%
Thereafter full cost				
Taxi				
Vehicle Inspection Fee	58.00	58.00	60.00	3.4%
MOT carried out as part of the Taxi Inspection (to be booked at the same time)	27.40	27.40	27.40	0.0%
For a full list of charges please contact the MOT bay				

*= includes VAT at 20%

	2021-22 From 1 April 2021 £	2022-23 From 1 April 2022	2023-24 Proposed	Increase %
To be approved by Council				
Parks and Open Spaces				
Tennis-Stoke Park and Sutherland Memorial Park				
Adult per court, per hour	6.90	5.98	7.00	17.1%
Floodlights only, per hour	n/a n/a		6.00	
Junior (under 18) & concession price, per court, per hour	5.90	5.07	5.50	8.5%
Coaching	6.90	7.11 no longer applicable		
Burpham Tennis Club	5.90	6.08 no longer applicable		
Mini Golf - Stoke Park				
Adults	4.60	4.74	5.00	5.5%
Children	3.10	3.19	3.50	9.6%
Family Ticket (2 adults and 3 under 16's)	12.80	13.18	14.00	6.2%
Cricket: All sites				
Evening 17:00 hrs onwards - Adults (up to 4 hours)	100.00	85.83	96.00	11.8%
Full Day - Adults (22 yrs)	135.00	115.88	129.00	11.3%
Standard Pitch - Under 18's	43.50	37.34	42.00	12.5%
Small Pitch - Junior teams under 15's	33.00	28.33	31.00	9.4%
Football - All sites				
Grass football pitch 3 hours - U18's 11-a-side football	49.00	42.06	49.00	16.5%
Grass football pitch 3 hours - Adult 11-a-side football	89.00	76.39	90.00	17.8%
Grass football pitch 90 minutes - 9v9 football	33.50	28.76	32.00	11.3%
Grass football pitch 90 minutes - 7v7 football	32.50	27.90	31.00	11.1%
Grass football pitch 90 minutes - 5v5 football	30.50	26.18	30.00	14.6%
Grass football training (no pitch use) 2 hours - Football training area	30.50	26.18	27.00	3.1%
Rugby:				
Rugby pitch 2 hours - U18s rugby	49.00	42.06	49.00	16.5%
Rugby pitch 2 hours - Adult rugby	89.00	76.39	90.00	17.8%
Rugby training (no pitch use) 2 hours - Rugby training area	30.50	26.18	27.00	3.1%
Netball - Stoke Park (Adult)	35.50	30.48	33.00	8.3%
Netball - Stoke Park (School usage and U18)	17.50	15.03	16.00	6.5%
Softball/Rounders - (Adult)	43.50	37.34	41.00	9.8%
Softball/Rounders - (School and U18)	24.50	21.03	23.00	9.4%

*= includes VAT at 20%

	2021-22 From 1 April 2021 £	2022-23 From 1 April 2022	2023-24 Proposed	Increase %	
Grass Athletics Track - Stoke Park (Adult groups/Organisations) 2 hours	88.00	75.53	84.00	11.2%	
Grass Athletics Track - Stoke Park (Schools and U18 groups) 2 hours	49.00	42.06	47.00	11.7%	
Lacrosse:					
Stoke Park - Adults	88.00	75.53	84.00	11.2%	
Stoke Park - School usage and youth (Under 18's)	49.00	42.06	47.00	11.7%	
Table Tennis - All Per 30 minutes	1.00	1.03	1.00	-2.9%	
Frisbee pitch 2 hours (All)	34.00	29.18	32.00	9.7%	
Event all Sites					
Price on application (minimum charge £50 per day)			Price on application		
Community events receive a 50% discount					
Charity and 100% fundraising events receive a 60% discount					
Circuses and Fun Fairs					
Per day on site including set up/dismantle (Shalford Common only)			Price on application		
Per day on site (all other sites) if onsite longer than 6 days receive a 5% discount					
Set up/dismantle fee per day					
Filming all Sites: -					
Per Event - Per Day on Site (Negotiable) Minimum £50 - Maximum £1,000 per day			Price on application		
Fitness Sessions			Price on application		
Forest school use of site - per child per visit	2.00	2.06	2.10	2.0%	
Car Parking Only All Sites:					
Per Day on Site (not in conjunction with event hire)			Price on application		
Commemorative Benches (All sites)			Price on application		
Shalford Park:					
Camping and Caravanning (Club Use) - per unit per night	*	9.70	9.99	10.30	3.1%
Chantries Camp Site: per person per day/night	*	5.00	9.50	10.50	10.5%
Minimum charge for groups of 3 persons or under	*	15.00	30.00	35.00	16.7%
Children age 4 to 16, scouts and affiliated groups (under 4s free)			4.75	5.00	5.3%

*= includes VAT at 20%

	2021-22 From 1 April 2021 £	2022-23 From 1 April 2022	2023-24 Proposed	Increase %
Sutherland Memorial Park				
Astro Pitch 5-a-side				
All - per court per hour before 4pm (Weekdays and weekend)	11.00	9.44	10.00	5.9%
5-a-side Football per court per hour including floodlights - Adults	50.00	42.92	48.00	11.8%
5-a-side Football per court per hour including floodlights - Youth (Under 18's)	25.50	21.89	24.00	9.6%
Balloon Flights				
Seasonal annual agreement paid in advance for take off rights per site	645.00	664.35	684.30	3.0%
Greenark				
Commercial - Each hour or part	20.00	20.60 no longer available		
Community - Each hour or part	17.00	17.51 no longer available		
For regular users book 10 and receive 10% discount				
Approved under Delegated Authority				
Guildford Crematorium				
Cremation Fees				
For the cremation of a child whose age at death did not exceed 18 years (incl medical referee fees)	free of charge			
For the standard attended cremation of a person whose age at the time of death exceeded 18 years includes 30 minutes in chapel, use of computerised music system, cremation, medical referee fees, ashes container suitable for transportation and storage only , laying to rest of ashes in the Gardens of Remembrance at the crematorium.	925.00	975.00	999.00	2.5%
Saturday cremation (09:00 am - 12 noon)	1,200.00	1250.00	1350.00	8.0%
Non attended service cremation	495.00	495.00	399.00	-19.4%
Cancellation of diary booking with less than 48 hours notice and late delivery of papers	135.00	145.00	160.00	10.3%
Service of double or additional length; per 45 minutes additional fee of:	250.00	275.00	315.00	14.5%
Service which exceeds the allocated timeslot of 30 minutes	285.00	315.00	395.00	25.4%
Cremation of a child on a Saturday (9am - 12 noon)	free of charge			
Cremation of Non Viable Foetus (NVF) (up to 24 weeks gestation)	free of charge			
Fee for exhuming ashes if not for re-internment within the grounds	115.00	125.00	140.00	12.0%
Certificate of cremation / burial duplicate copy (previously under delegated authority)			25.00	100.0%
Non standard attended cremation committal only (previously under delegated authority)			720.00	100.0%

Possible price increase might have to be introduced to add to cremation fee depending on rising utility costs.

*= includes VAT at 20%

		2021-22	2022-23	2023-24	Increase
		From 1 April 2021	From 1 April 2022	Proposed	%
		£			
Urns and Containers					
Ashes Container		24.00	25.00	27.00	8.0%
Wooden Casket		76.00	80.00	90.00	12.5%
Decorative Urns		122.00	125.00	138.00	10.4%
Decorative keepsake urns		38.00	40.00	45.00	12.5%
Scatter tubes		45.00	46.00	50.00	8.7%
Child Scatter tubes		16.00	16.50	18.00	9.1%
Deposit of Ashes					
For the scattering of ashes in the Garden of Remembrance when cremation has taken place elsewhere		110.00	115.00	125.00	8.7%
Split of ashes to include 2x cremation certificate and 2x ashes containers for separate scattering elsewhere.		50.00	52.00	60.00	15.4%
Per split there after		n/a	n/a	15.00	
Memorials and Inscriptions					
Entries in the Book of Remembrance					
2 line entry	*	105.00	110.00	120.00	9.1%
5 line entry	*	140.00	145.00	158.00	9.0%
5 line entry with motif	*	220.00	230.00	248.00	7.8%
8 line entry	*	170.00	180.00	195.00	8.3%
8 line entry with motif	*	250.00	260.00	285.00	9.6%
Motif	*	78.00	82.00	90.00	9.8%
Replicas of entries in Book of Remembrance Memorial Cards					
2 line entry	*	40.00	42.00	46.00	9.5%
5 line entry	*	63.00	66.00	72.00	9.1%
5 line entry with motif	*	143.00	148.00	162.00	9.5%
8 line entry	*	80.00	84.00	92.00	9.5%
8 line entry with motif	*	160.00	166.00	182.00	9.6%
Motif	*	78.00	82.00	90.00	9.8%
Miniature Books of Remembrance					
2 line entry	*	92.00	96.00	105.00	9.4%
5 line entry	*	130.00	137.00	150.00	9.5%
5 line entry with motif	*	210.00	219.00	240.00	9.6%
8 line entry	*	145.00	153.00	168.00	9.8%
8 line entry with motif	*	225.00	235.00	258.00	9.8%
Motif	*	78.00	82.00	90.00	9.8%

* = includes VAT at 20%

	2021-22	2022-23	2023-24	Increase	
	From 1 April 2021	From 1 April 2022	Proposed	%	
	£				
Adoption of Rose Trees (including nameplate)					
Standard Roses (5 years) with aluminium plaque	580.00	615.00	670.00	8.9%	
Renewals after initial period:					
(a) 5 years	325.00	355.00	385.00	8.5%	
(b) 1 year	106.00	110.00	120.00	9.1%	
Trees 5 years with aluminium plaque	795.00	860.00	995.00	15.7%	
Trees 10 years with aluminium plaque	1,400.00	1530.00	1750.00	14.4%	
Renewals after initial period:					
(a) 5 years	565.00	595.00	645.00	8.4%	
(b) 1 year	160.00	170.00	185.00	8.8%	
Plaques					
Aluminium Plaque with existing memorial	*	120.00	130.00	145.00	11.5%
Granite Plaque (6 x 4) with existing memorial	*	280.00	310.00	335.00	8.1%
Granite Plaque (7 x 5) with existing memorial	*	335.00	365.00	390.00	6.8%
Additional artwork on granite plaque	*				
Additional artwork on an aluminium plaque	*				
Photo plaque on granite plaque	*				
Seats					
Seats wooden 5 feet length (for a period of 10 years)	*		1995.00	2190.00	9.8%
Seats Granite Columbaria (for a period of 10 years)	*				
Replacement or additional seat plaque 6" x 2"	*	150.00	156.00	165.00	5.8%
Photo plaque on a granite seat plaque	*				
Non standard motif on a granite seat plaque	*				
Standard motif on a granite seat plaque	*				
Restraining Charge	*	17.00	18.00	25.00	38.9%

*= includes VAT at 20%

	2021-22	2022-23	2023-24	Increase
	From 1 April 2021	From 1 April 2022	Proposed	%
	£			
Memorial Vault - Sanctum including wooden casket				
(a) 10 year adoption	1,450.00	1580.00	1735.00	9.8%
(b) 20 year adoption	2,075.00	2200.00	2405.00	9.3%
(c) 30 year adoption	2,800.00	3015.00	3310.00	9.8%
(d) 40 year adoption	3,450.00	3700.00	4050.00	9.5%
(e) 50 year adoption	4,200.00	4500.00	4945.00	9.9%
Per Letter after first 80 letters	3.40	3.65	4.00	9.6%
Standard motif	230.00	245.00	270.00	10.2%
Non standard motif				
Photo plaque	Price on application			
Replacement Vault Tablet - Sanctum 2	140.00	145.00	160.00	10.3%
Sanctum Replacement Vault Tablet (up to 80 letters) Sanctum 2000	385.00	415.00	455.00	9.6%
Memorial Vault - Renewal 5 years	385.00	400.00	435.00	8.8%
Memorial Vault - Renewal 10 years	360.00	375.00	405.00	8.0%
Memorial Vault - Renewal 20 years	715.00	755.00	800.00	6.0%
	1,425.00	1475.00	1590.00	7.8%
Vase Blocks - 10 years	650.00	695.00	755.00	8.6%
Standard motif on a vase block	230.00	245.00	265.00	8.2%
Non standard motif on a vase block				
Photo plaque on a vase block	Price on application			
Renewal of Vase Block for 5 years	100.00	105.00	115.00	9.5%
Replacement of Vase in memorial vaults	300.00	320.00	350.00	9.4%
Replacement of Vase in vase blocks	17.00	18.00	20.00	11.1%
Replacement vase for vaseblock vault	17.00	18.00	20.00	11.1%

*= includes VAT at 20%

	2021-22	2022-23	2023-24	Increase
	From 1 April 2021	From 1 April 2022	Proposed	%
	£			
Sundials				
Sundial Tablets Older style- Lower Tablet (when available)	670.00	710.00	780.00	9.9%
Sundial Tablets Older style- Middle Tablet (when available)	620.00	670.00	730.00	9.0%
Sundial Tablets Older style- Top Tablet (when available)	570.00	610.00	665.00	9.0%
Renewal of a Sundial Tablets Older style- Lower Tablet - 5 years	307.00	325.00	355.00	9.2%
Renewal of a Sundial Tablets Older style- Middle Tablet - 5 years	307.00	325.00	355.00	9.2%
Renewal of a Sundial Tablets Older style- Top Tablet - 5 years	307.00	325.00	355.00	9.2%
Replacement sundial tablet	257.00	270.00	295.00	9.3%
New Sundial Tablet first row for a period of 10 years	570.00	625.00	680.00	8.8%
New Sundial Tablet second row for a period of 10 years	570.00	625.00	680.00	8.8%
New Sundial Tablet third row for a period of 10 years	620.00	655.00	715.00	9.2%
New Sundial Tablet forth row for a period of 10 years	630.00	665.00	725.00	9.0%
New Sundial Tablet fifth row for a period of 10 years	670.00	710.00	775.00	9.2%
Standard motif on a sundial tablet	225.00	240.00	260.00	8.3%
Photo plaque on a sundial tablet			Price on application	
Photo plaque under Sundial Tablets for 10 years - Newer style			Price on application	
Non standard motif on a sundial tablet			Price on application	
Children's Memorial Garden				
Rockery Boulder for 5 years	240.00	275.00	295.00	7.3%
Memorial mushroom plaque for 5 years	275.00	275.00	295.00	7.3%
Private gardens	870.00	955.00	1035.00	8.4%
Use of Chapel for Memorial Service (no cremation)	625.00	665.00	700.00	5.3%
Reproduction of cremation certificate	25.00	26.00	28.00	7.7%
Assistance with bearing of a coffin into the chapel	45.00	48.00	55.00	14.6%
Assistance with bearing of a coffin into the chapel with no notice	60.00	65.00	85.00	30.8%
Cemeteries				
Guildford, Stoke New and Old Cemeteries - Interments				
For the interment in a grave in respect of which an exclusive right of burial has not been granted:-				
Unpurchased grave for a child	free of charge			
Unpurchased grave for an adult	510.00	530.40	550.00	3.7%

*= includes VAT at 20%

	2021-22	2022-23	2023-24	Increase
	From 1 April 2021	From 1 April 2022	Proposed	%
	£			
Resident				
For the interment in a grave which has already been purchased - the body of a person exceeding 18 years				
To a single depth (5ft)	900.00	936.00	1025.00	9.5%
To a double depth (7ft)	995.00	1035.00	1135.00	9.7%
Interment of cremated remains in a grave	385.00	400.00	435.00	8.8%
Interment of cremated remains in cremated remains plots at Stoke Cemetery	385.00	400.00	435.00	8.8%
For the interment in a grave which has already been purchased - the body of a child not exceeding 18 years				
To a single depth (5ft)		free of charge		
To a double depth (7ft)		free of charge		
Interment of cremated remains in a grave		free of charge		
Interment of cremated remains in cremated remains plots at Stoke Cemetery		free of charge		
The fee for interment apply only between the hours of 10am and 5pm on a weekday. Should the interment take place outside the stipulated times than an additional fee is payable of:	485.00	505.00	555.00	9.9%
For every hour after 5pm	105.00	110.00	120.00	9.1%
Exclusive Rights of Burial in Earthen Graves:				
Traditional and Lawn Section				
In an earthen grave 7ft 6 ins x 3ft 6 ins	2,020.00	2150.00	2400.00	11.6%
In an earthen grave 6ft x 3ft - Children's section		Free of charge		
Extension of Exclusive Right of Burial for additional five years	340.00	355.00	400.00	12.7%
Garden of Remembrance (Cremated remains)	600.00	630.00	685.00	8.7%
The fees indicated for the various heads of this section include the Deed of Grant and all the expenses thereof for a period of 30 years.				
Memorials				
Permit to erect a memorial	240.00	250.00	275.00	10.0%
Permit to erect a vase with inscription	116.00	120.00	80.00	-33.3%
Permit to erect a vase without inscription		Free of charge	10.00	
Permit to clean a memorial	15.00	16.00	20.00	25.0%
Permit for added inscription which requires removal of stone	225.00	235.00	250.00	6.4%
Permit for added inscription (done on site)	112.00	117.00	125.00	6.8%
Permit for remedial repair	45.00	47.00	50.00	6.4%
1 year permit to clean a memorial	n/a	n/a	15.00	

*= includes VAT at 20%

	2021-22	2022-23	2023-24	Increase
	From 1 April 2021	From 1 April 2022	Proposed	%
	£			
Memorial Vault - Sanctum				
(a) 10 year adoption	1,450.00	1590.00	1735.00	9.1%
(b) 20 year adoption	2,075.00	2200.00	2405.00	9.3%
(c) 30 year adoption	2,800.00	3015.00	3310.00	9.8%
(d) 40 year adoption	3,450.00	3700.00	4050.00	9.5%
(e) 50 year adoption	4,200.00	4500.00	4945.00	9.9%
Per Letter after first 80 letters	3.40	3.65	4.00	9.6%
Standard motif	230.00	245.00	265.00	8.2%
Non standard motif				
Photo plaque	140.00	145.00	155.00	6.9%
Sanctum Replacement Vault Tablet (up to 80 letters) Sanctum 2000	385.00	400.00	435.00	8.8%
Memorial Vault - Renewal 5 years	360.00	375.00	405.00	8.0%
Memorial Vault - Renewal 10 years	715.00	755.00	825.00	9.3%
Memorial Vault - Renewal 20 years	1,425.00	1475.00	1605.00	8.8%
Miscellaneous Charges				
Exhumation of a coffin or ashes casket: Fees to be assessed by the Registrar:				
Certified Copy of title deed of burial	24.00	25.00	25.75	3.0%
Transfer of grant of right of burial	98.00	105.00	115.00	9.5%
Addition of grave owners after rights issued/transferred	n/a	30.00	30.00	0.0%
Digging fee for cremated remains when LTR takes place alongside fullbody burial in same grave at different depths	n/a	n/a	120.00	
Cemeteries - Non Residents of Guildford Borough Fees				
Guildford, Stoke New and Old Cemeteries - Interments				
For the interment in a grave in respect of which an exclusive right of burial has not been granted:-				
Unpurchased grave for a child	510.00	530.40	546.30	3.0%
Unpurchased grave for an adult				
For the interment in a grave in which a grave has already been purchased the body of a person exceeding 18 years	1,800.00	1875.00	2050.00	9.3%
To a single depth (5ft)	1,990.00	2070.00	2260.00	9.2%
To a double depth (7ft)	770.00	800.80	870.00	8.6%
Interment of cremated remains in a grave	770.00	800.80	870.00	8.6%
Interment of cremated remains in the Garden of Remembrance				
The fee for interment apply only between the hours of 10am and 5pm on a weekday. Should the interment take place outside the stipulated times than an additional fee is payable of:	450.00	470.00	510.00	8.5%
For every hour after 5pm	105.00	110.00	125.00	13.6%

*= includes VAT at 20%

	2021-22	2022-23	2023-24	Increase
	From 1 April 2021	From 1 April 2022	Proposed	%
	£			
Exclusive Rights of Burial in Earthen Graves:				
Traditional and Lawn Section				
In an earthen grave 7ft 6 ins x 3ft 6 ins	4,040.00	4205.00	4600.00	9.4%
In an earthen grave 6ft x 3ft - Children's section	1,850.00	1925.00	2100.00	9.1%
Extension of Exclusive Right of Burial for additional five years	680.00	710.00	775.00	9.2%
Garden of Remembrance (Cremated remains)	1,200.00	1250.00	1365.00	9.2%
The fees indicated for the various heads of this section include the Deed of Grant and all the expenses thereof for a period of 30 years.				
Obitus				
Webcasts				
Webcast live only		30.00	32.50	8.3%
Webcast of funeral service - 28 day viewing and free download		45.00	50.00	11.1%
Keepsake copy of webcast first copy		50.00	55.00	10.0%
Keepsake copy of webcast second copy		25.00	27.00	8.0%
Keepsake copy of visual tribute (first copy)		50.00	55.00	10.0%
Keepsake copy of visual tribute (second copy)		25.00	27.00	8.0%
Downloadable of Pro tribute Package only (keep forever)		10.00	11.00	10.0%
Visual Tributes				
single photo (first)		free of charge	free of charge	
single photo per photo thereafter		12.00	13.50	12.5%
Slideshow upto and including 25 images		38.00	45.00	18.4%
family made		18.00	22.00	22.2%
Pro tribute (upto and including 25 images and personalised title presented as video)		70.00	77.00	10.0%
Tribute misc				
Each extra 25 photos (slideshow and protribute packages_)		21.00	22.50	7.1%
Extra work		21.00	22.50	7.1%
Services for young people aged 18 and under - live webcast, single photo and webcast alternatively if another service chosen credit of these items may be applied.		free of charge	free of charge	

*= includes VAT at 20%

	2021-22	2022-23	2023-24	Increase
	From 1 April 2021	From 1 April 2022	Proposed	
	£			%

Guildford Spectrum - To be approved by Council

Standard Social Charges

Concessionary Charges - the rates shown below relate to the following groups:-

- Senior Citizens
- Benefit Recipients
- Unemployed
- Students
- Disabled

Main Pool

Adult swim (16 years of age and over) - Peak	4.90 *	5.05 *	5.10	1.0%
Adult swim (16 years of age and over) - Off Peak	4.60 *	4.74 *	4.80	1.3%
Junior, concessions	3.50 *	3.61 *	3.70	2.5%

Showers

Shower (senior citizen)	2.30 *	2.37 *	2.40	1.3%
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Special Activities

Badminton Court per hour - super saver	7.70 *	7.93 *	8.00	0.9%
Group Games per hour - super saver	37.50 *	38.63 *	38.70	0.2%
Squash/Racquetball, per half hour - super saver	5.60 *	5.77 *	5.80	0.5%
Squash/Racquetball, per hour - super saver	8.60 *	8.86 *	8.90	0.5%
Table Tennis	5.70 *	5.87 *	5.90	0.5%

Off Peak Charges - Concessions

Competition Pool	3.50 *	3.61 *	3.70	2.5%
Leisure Pool	4.90 *	5.05 *	5.10	1.0%
Ice Rink	4.70 *	4.84 *	4.90	1.2%
Ten Pin (single game) - now includes shoe hire	5.60 *	5.77 *	5.80	0.5%
Health Suite: relaxation area	4.60 *	4.74 *	4.80	1.3%
Fitness Area	5.10 *	5.25 *	5.30	1.0%
Athletics	3.90 *	4.02 *	4.10	2.0%

*= includes VAT at 20%

	2021-22 From 1 April 2021 £	2022-23 From 1 April 2022	2023-24 Proposed	Increase %
Guildford Lido - To be approved by Council				
Standard				
Adult	6.90 *	7.11 *	7.20	4.3%
Junior	5.20 *	5.36 *	5.40	3.8%
Concessions	5.20 *	5.36 *	5.40	3.8%
Family	22.00 *	22.66 *	22.70	3.2%
Off Peak				
Adult	5.70 *	5.87 *	5.90	3.5%
Junior	4.10 *	4.22 *	4.30	5.0%
Concessions	4.10 *	4.22 *	4.30	5.0%
Family	17.50 *	18.03 *	18.10	3.4%
Season Tickets				
Adult	150.00 *	154.50 *	154.50	3.0%
Junior	115.00 *	118.45 *	118.50	3.0%
Student	115.00 *	118.45 *	118.50	3.0%
Senior citizen	95.00 *	97.85 *	97.90	3.1%
Concessionary Groups - All Times	4.10 *	4.22 *	4.30	5.0%
The concessionary rate applies to admission for groups from registered charities, schools and non profit organisations. These only apply if the booking was made in advance.				
Deck Chair Hire	2.00 *	2.06 *	2.10	5.0%
Crazy Golf	1.00 *	1.03 *	1.10	10.0%
Gym				
Pay as You Train - Peak				
Adult Fitness Session	6.50 *	6.70 *	6.70	3.0%
Student/Senior/Concessionary Fitness Session	4.50 *	4.64 *	4.70	4.3%
Enhanced Induction Course	29.50	30.39	30.40	3.0%
Fast Track/Concessionary Induction	17.50	18.03	18.10	3.4%
Pay as You Train - Off Peak				
Adult Fitness Session	5.30 *	5.46 *	5.50	3.8%
Student/Senior/Concessionary Fitness Session	3.30 *	3.40 *	3.40	3.0%
Enhanced Induction Course	29.50	30.39	30.40	3.0%
Fast Track/Concessionary Induction	17.50	18.03	18.10	3.4%

*= includes VAT at 20%

	2021-22	2022-23	2023-24	Increase
	From 1 April 2021 £	From 1 April 2022	Proposed	%
Membership				
Annual Membership - Concessions	308.00 *	317.24 *	317.30	3.0%
Monthly Membership - Concessions	27.70 *	28.53 *	28.60	3.3%
Ash Manor Sports Centre - To be approved by Council				
Main Sports Hall				
Badminton per hour - peak	9.80 *	10.09 *	10.10	3.1%
Badminton per hour - off-peak	7.80 *	8.03 *	8.10	3.9%
Group Games per hour - peak	44.50 *	45.84 *	45.90	3.1%
Group Games per hour - off-peak	37.50 *	38.63 *	38.70	3.2%
Fitness & Group Exercise Classes (min price)	5.50 *	5.67 *	5.70	3.5%
Badminton - Junior	3.50 *	3.61 *	3.70	5.6%
Gymnasium				
Group Games per hour - peak	28.50 *	29.36 *	29.40	3.1%
Group Games per hour - off-peak	21.00 *	21.63 *	21.70	3.3%
Table tennis - per hour - peak and off peak	6.50 *	6.70 *	6.70	3.0%
Equipment Hire - Adults only (£10.00 deposit)				
Badminton Racquet/Table Tennis bat	2.50 *	2.58 *	2.60	3.8%
Football	4.00 *	4.12 *	4.20	5.0%
Outside Court (Playground) - per hour				
With floodlights	21.00 *	21.63 *	21.70	3.3%
Without floodlights	13.00 *	13.39 *	13.40	3.1%
Artificial Pitch				
1 hour without lights	73.00 *	75.19 *	75.20	3.0%
1 hour with lights	95.00 *	97.85 *	97.90	3.1%
2 hours without lights	144.00 *	148.32 *	148.40	3.1%
2 hours with lights	188.00 *	193.64 *	193.70	3.0%
1/4 with lights, per hour	39.00 *	40.17 *	40.20	3.1%
1/4 without lights, per hour	30.00 *	30.90 *	30.90	3.0%
Health & Fitness				
Annual Membership - Junior	220.00 *	226.60 *	226.60	3.0%
Annual Membership - Concessions	251.00 *	258.53 *	258.60	3.0%
Monthly Membership - Junior	20.00 *	20.60 *	20.60	3.0%
Monthly Membership - Concessions	25.00 *	25.75 *	25.80	3.2%

*= includes VAT at 20%

	2021-22 From 1 April 2021 £	2022-23 From 1 April 2022	2023-24 Proposed	Increase %
Pay as you Train - Peak				
Adult Fitness Session	6.70 *	6.90 *	6.90	3.0%
Student/Senior/Concessionary Fitness Session	6.70 *	6.90 *	6.90	3.0%
Enhanced Induction Course	30.00	30.90	30.90	3.0%
Concessionary Induction	19.00	19.57	19.60	3.2%
Pay as you Train - Off Peak				
Off Peak Fitness Sessions - Adult	6.00 *	6.18 *	6.20	3.3%
Off Peak Fitness Sessions - Junior & Concessions	4.50 *	4.64 *	4.70	4.3%
Enhanced Induction Course	19.00	19.57	19.60	3.2%
Induction - Juniors & Concessions				
GP Referral				
Off Peak	4.50 *	4.64 *	4.70	4.3%

	2021-22 From 1 April 2021 £	2022-23 From 1 April 2022	2023-24 Proposed	Increase %
To be approved by Council				
Education Sessions, 39.5 Castle Street				
Cost per child ¹				
Victorian schoolroom	6.80	7.00	7.30	4.3%
Victorian playroom	6.50	6.70	6.90	3.0%
¹ A minimum charge equivalent to 25 child places is payable for all bookings				
Loan boxes (per box, for 3 weeks)		11.00	11.40	3.6%
Adult education, History of Guildford class				
Twenty sessions (subject to change depending on course requirements)	112.00	115.00	118.50	3.0%
Exhibition Space Hire, Heritage Buildings				
Guildford House				
Brew House - one week hire	170.00	175.00	180.30	3.0%
Main House - Garden Room - three week hire	370.00	380.00	391.40	3.0%
Main House - First Floor: Pine Room, Study, Landing, Powell Room - three week hire	835.00	860.00	885.80	3.0%
Main House exhibitions are open to the public for a minimum of three weeks (currently 5 days per week) , with the first and last day of the exhibition normally being on a Saturday.				
Private View of Exhibitions				
Main House, Daytime 12.00pm - 2.00pm	200.00	210.00	216.30	3.0%
Main House, Evening 7.00pm - 9.00pm	350.00	360.50	371.40	3.0%
Brew House, Saturdays 12.00pm - 2.00pm	80.00	82.40	84.90	3.0%
Full House - all rooms		1240.00	1277.20	3.0%
Venue Hire, Heritage Buildings				
The Brew House, Guildford House				
Weekdays and Saturdays				
Half Day, 9.00am -12.00pm or 1.00pm - 4.00pm	110.00	120.00	123.60	3.0%
Full Day, 9.00am - 4.00pm	210.00	225.00	231.80	3.0%

*= includes VAT at 20%

	2021-22 From 1 April 2021 £	2022-23 From 1 April 2022	2023-24 Proposed	Increase %
Guildford Castle				
<u>Day Hire</u>				
(a) Weekdays				
Half day, 9.00am - 1.00pm or 1.00pm - 5.00pm	220.00	230.00	236.90	3.0%
Full day, 9.00am - 5.00pm	395.00	410.00	422.30	3.0%
Evenings, 5.00pm - 9.30pm	420.00	435.00	448.10	3.0%
Available October - March				
(b) Weekends				
Saturday or Sunday, 9am - 1pm or 1pm - 5pm	240.00	250.00	257.50	3.0%
Saturday or Sunday, 9am - 5pm	440.00	455.00	468.70	3.0%
Evenings, 5.00pm - 9.30pm	450.00	465.00	479.00	3.0%
Available November - March				
Guildford Museum				
<u>Daily rates (Museum meeting room+)</u>				
Half Day 9.00am -12.00pm or 1.00pm - 4.00pm	55.00	60.00	61.80	3.0%
Full day 9.00am - 4.00pm	100.00	110.00	113.30	3.0%
Guildhall				
<u>Guildhall whole building</u>				
(a) Weekdays				
Morning, 9.00am - 1.00pm	330.00	350.00	360.50	3.0%
Afternoon, 1.00pm - 5.00pm	330.00	350.00	360.50	3.0%
Whole Day, 9.00am - 5.00pm	550.00	590.00	607.70	3.0%
Evening, 5.00pm - 10.00pm	450.00	500.00	515.00	3.0%
(b) Weekends				
Saturday 9.00am - 5.00pm	590.00	620.00	638.60	3.0%
Saturday 5.00pm - 12.00am	590.00	620.00	638.60	3.0%
Sunday 9.00am - 5.00pm	590.00	620.00	638.60	3.0%
Sunday 5.00pm - 12.00am	590.00	620.00	638.60	3.0%

* = includes VAT at 20%

		2021-22	2022-23	2023-24	Increase	
		From 1 April 2021	From 1 April 2022	Proposed	%	
		£				
<u>Guildhall Court Room</u>						
Weekdays						
	Morning, 9.00am - 1.00pm	240.00	250.00	257.50	3.0%	
	Afternoon, 1.00pm - 5.00pm	240.00	250.00	257.50	3.0%	
	Whole Day, 9.00am - 5.00pm	450.00	480.00	494.40	3.0%	
	Evening, 5.00pm - 10.00pm	350.00	400.00	412.00	3.0%	
<u>Guildhall Council Chamber</u>						
Weekdays						
	Morning, 9.00am - 1.00pm	240.00	250.00	257.50	3.0%	
	Afternoon, 1.00pm - 5.00pm	240.00	250.00	257.50	3.0%	
	Whole Day, 9.00am - 5.00pm	450.00	480.00	494.40	3.0%	
	Evening, 5.00pm - 10.00pm	350.00	400.00	412.00	3.0%	
	All rooms excess charge for evening hire after 10.00pm (per hour)	75.00	80.00	82.40	3.0%	
Admission Charges, Guildhall						
	Adult admission	*	2.00	2.20	2.30	4.4%
	Child admission (under 5s free)	*	1.00	1.20	1.30	8.0%
Admission Charges, Guildford Castle						
	Adult admission	*	3.50	3.70	3.90	5.4%
	Child admission (under 5s free)	*	2.00	2.20	2.30	4.4%
Joint admission ticket Guildhall and Guildford Castle						
	Adult admission	*	N/A	N/A		
	Child admission	*	N/A	N/A		
Family ticket Guildford castle						
	Family ticket to cover 2 adults and 2 children	*	10.00	11.00	11.40	3.6%

*= includes VAT at 20%

	2021-22 From 1 April 2021 £	2022-23 From 1 April 2022	2023-24 Proposed	Increase %
Image licensing and reproductions				
Reproduction fees for the use of images from Guildford Borough Council's heritage collections. These fees are for the use of the image, not for the costs of producing it. The fees are for the reproduction of one image.				
Academic journals and research publications that are not for profit	10.00	11.00	11.40	3.6%
Commercial publications with print runs up to 1,000 copies, one country / language	30.00	31.00	32.00	3.2%
Commercial publications with print runs up to 10,000 copies, one country / language	50.00	51.00	52.60	3.1%
Commercial publications with print runs over 10,000 copies, one country / language	70.00	72.00	74.20	3.1%
Books and magazine covers	100.00	103.00	106.10	3.0%
Television, one production, one country and one language	100.00	103.00	106.10	3.0%
Digital use for academic use that is not for profit	10.00	11.00	11.40	3.6%
Digital use commercial	10.00	11.00	11.40	3.6%

All requests are subject to a £12 administration fee. 20% discount will be applied where more than five images are used.

CAR PARK TYPE	CAR PARKS	SPACES	DAYTIME- MONDAY TO SATURDAY				EVENINGS		SUNDAY
			1st hour	2nd hour	3rd hour	Each subsequent hour	Per Visit	Per Visit	Per Visit
			Mon-Sat incl Bank Holidays 8am-6pm				Mon-Sat 6pm-10pm	Sun 5pm-10pm	Sun 11am-5pm Per Visit
M	Bedford Road	1033	price on application	price on application	price on application	price on application	price on application	price on application	price on application
S	Millbrook	244	price on application	price on application	price on application	price on application	price on application	price on application	price on application
S	G Live	220	price on application	price on application	price on application	price on application	price on application	price on application	price on application
S	Mary Road	107	price on application	price on application	price on application	price on application	price on application	price on application	price on application
S	Bright Hill	121	price on application	price on application	price on application	price on application	price on application	price on application	price on application
S	Bedford Road Surface	68	price on application	price on application	price on application	price on application	price on application	price on application	price on application
			Mon-Sat incl Bank Holidays 8am-6pm				Mon-Sat 6pm-10pm	Sun 5pm-10pm	Sun 11am-5pm Per Visit
M / P	Castle Car Park	350	price on application	price on application	price on application	price on application	price on application	price on application	price on application
M	Leapale Road	384	price on application	price on application	price on application	price on application	price on application	price on application	price on application
S	Commercial Rd 2	52	price on application	price on application	price on application	price on application	price on application	price on application	price on application
S	Old Police Station	62	price on application	price on application	price on application	price on application	price on application	price on application	price on application
S	Upper High Street	49	price on application	price on application	price on application	price on application	price on application	price on application	price on application
P	Tunsgate	62	price on application	price on application	price on application	price on application	price on application	price on application	price on application
			Mon-Sat incl Bank Holidays 7am-7pm				Mon-Sat 7pm-7am & Sun 12.01-11am & Sun 5pm-Mon 7am (per hour)		Sun 11am-5pm Per Visit
M / P	Farnham Road	917	price on application	price on application	price on application	price on application	price on application	price on application	price on application
			Mon-Sat incl Bank Holidays 8am -6pm				Mon-Sat 6pm-10pm (Per Visit)	Sun 5pm-10pm (Per visit)	Sun 11am-5pm Per Visit
M / P	York Road	605	price on application	price on application	price on application	price on application	price on application	price on application	price on application
			Saturday Parking and Bank Holidays 8am -6pm				Mon-Sat 6pm-10pm	Sun 5pm-10pm	Sun 11am-5pm Per Visit
S	Millmead House (Front)	27	Mon-Fri - For Visitors to Council only			price on application	Closed	Closed	price on application
S	Lawn Road	87	Mon-Fri - Contract Car Park (unavailable to public)				Closed	Closed	price on application
S	Robin Hood	23					Closed	Closed	price on application
S	St Josephs	71					Closed	Closed	price on application
S	Portsmouth Road	98					price on application	price on application	price on application
			Mon-Fri incl Bank Holidays 8am- 6pm			Saturday 8am -6pm	Mon-Sat 6pm-10pm	Sun 5pm-10pm	Sun 11am-5pm Per Visit
S	Guildford Park	220	price on application			price on application	Free	Free	Free
S	Shalford Park	66	price on application			Closed	Free	Closed	Closed
S	Walnut Tree Close	17	price on application			Free	Free	Free	Free
S	Ash Vale Station	29	price on application			Free	Free	Free	Free
			Mon-Thurs 8am-6pm			Fri-Sat	Mon-Thurs 6pm - 10pm & Sat 8pm-10pm	Sun 5pm-10pm	Sun 11am-5pm
S	North Street	49	price on application			Closed	price on application	price on application	price on application

All of the above charges include VAT at 20%

	2021-22 From 1 April 2021 £	2022-23 From 1 April 2022	2023-34 Proposed	Increase %
To be approved by Council				
Statutory Planning Fees can be found by referring to current government legislation.				
The Planning Portal is the UK online planning and building regulations resource- http://www.planningportal.gov.uk/planning/planningpolicyandlegislation/currentlegislation/statutoryinstruments				
Decision Notices				
Planning Decisions (TP3s) - post 2005 on website	20.50 *	21.50 *	22.50	4.7%
Planning Appeal Decisions - post 2005 on website	20.50 *	21.50 *	22.50	4.7%
Planning Legal agreements (Section 106 etc.) - if available on website (New)	20.50 *	21.50 *	22.50	4.7%
Tree Preservation Orders (if available on website)	20.50 *	21.50 *	22.50	4.7%
BC Completion Certificate pre 2001	20.50 *	21.50 *	22.50	4.7%
BC Completion Letter pre 1991	20.50 *	21.50 *	22.50	4.7%
Section 106 Agreements monitoring fee	750.00	772.50	800.00	3.6%
Self-build and Custom Housebuilding Register				
Initial entry on the register	27.00	28.00	29.00	3.6%
Initial entry fee for additional members of an Association	11.00	11.50	12.00	4.3%
Initial entry onto Part 2 of the register	11.00	11.50	12.00	4.3%
Annual fee for remaining on Part 1 and Part 2 the register	11.00	11.50	12.00	4.3%
All charges are per document				
If the above information is not available on our website the photocopying charges listed below will apply:-				
Photocopy Charges				
Plan Copying(A2-A0)	14.00	15.00	15.50	3.3%
Photocopying Charges (black and white A4)	0.36 *	0.50 *	0.60	20.0%
Photocopying Charges (black and white A3)	0.36 *	0.50 *	0.60	20.0%
Photocopying Charges (colour A4)	0.62 *	1.00 *	1.10	10.0%
Photocopying Charges (colour A3)	0.62 *	1.00 *	1.10	10.0%
Supply of information to professional organisations				
General enquiries (one off charge)	74.00 *	77.00 *	80.00	3.9%

* = includes VAT at 20%

	2021-22 From 1 April 2021 £	2022-23 From 1 April 2022	2023-34 Proposed	Increase %
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Tables A,B, C, (domestic) D and E (commercial) for Building Control fees are available on the web site or from the Building Control office

Pre Application Advice

Householder and new dwellings

Category: BRONZE

Householder	80.00 *	83.00 *	85.50	3.0%
1-4 dwellings	250.00 *	258.00 *	265.80	3.0%
5-9 dwellings	500.00 *	515.00 *	530.50	3.0%
10-49 dwellings	750.00 *	773.00 *	796.20	3.0%

Category: SILVER

Householder	180.00 *	186.00 *	191.60	3.0%
1-4 dwellings	450.00 *	464.00 *	478.00	3.0%
5-9 dwellings	700.00 *	721.00 *	742.70	3.0%
10-49 dwellings	1,000.00 *	1030.00 *	1060.90	3.0%
50+ dwellings	2,500.00 *	2575.00 *	2652.30	3.0%

Category: GOLD

Householder				
1-4 dwellings				
5-9 dwellings	1,200.00 *	1236.00 *	1273.10	3.0%
10-49 dwellings	1,750.00 *	1803.00 *	1857.10	3.0%
50+ dwellings	5,000.00 *	5150.00 *	5304.50	3.0%

Category: PLATINUM

Householder	Not applicable	Not applicable	Not applicable	
1-4 dwellings	Not applicable	Not applicable	Not applicable	
5-9 dwellings	Not applicable	Not applicable	Not applicable	
10-49 dwellings	Price on application *	Price on application *	Price on application	
50+ dwellings	Price on application *	Price on application *	Price on application	

*= includes VAT at 20%

	2021-22 From 1 April 2021 £	2022-23 From 1 April 2022	2023-34 Proposed	Increase %
Extras				
Additional plans				
Householder	84.00 *	Not applicable	Not applicable	0.0%
1-4 dwellings	168.00 *	174.00 *	179.30	3.0%
5-9 dwellings	335.00 *	346.00 *	356.40	3.0%
10-49 dwellings	565.00 *	582.00 *	599.50	3.0%
50+ dwellings	845.00 *	871.00 *	897.20	3.0%
Other (listed building, advertisements, agricultural, telecommunications and trees)	168.00 *	174.00 *	179.30	3.0%
Additional meetings				
Householder	Not applicable	Not applicable	Not applicable	
1-4 dwellings	335.00 *	346.00 *	356.40	3.0%
5-9 dwellings	450.00 *	464.00 *	478.00	3.0%
10-49 dwellings	675.00 *	696.00 *	716.90	3.0%
50+ dwellings	900.00 *	927.00 *	954.90	3.0%
Other (listed building, advertisements, agricultural, telecommunications and trees)	335.00 *	346.00 *	356.40	3.0%
Commercial and other development				
Category: BRONZE				
Commercial up to 250 sq metres	168.00 *	174.00 *	179.30	3.0%
Commercial up to 500 sq metres	280.00 *	289.00 *	297.70	3.0%
Commercial up to 1000 sq metres	450.00 *	464.00 *	478.00	3.0%
Commercial up to 2500 sq metres	565.00 *	582.00 *	599.50	3.0%
Commercial over 2500 sq metres	845.00 *	871.00 *	897.20	3.0%
Other (listed building, advertisements, agricultural, telecommunications and trees)	Not applicable	Not applicable	Not applicable	
Category: SILVER				
Commercial up to 250 sq metres	280.00 *	289.00 *	297.70	3.0%
Commercial up to 500 sq metres	400.00 *	412.00 *	424.40	3.0%
Commercial up to 1000 sq metres	735.00 *	758.00 *	780.80	3.0%
Commercial up to 2500 sq metres	845.00 *	871.00 *	897.20	3.0%
Over 2500 sq metres	1,150.00 *	1185.00 *	1220.60	3.0%
Other (listed building, advertisements, agricultural, telecommunications and trees)	400.00 *	412.00 *	424.40	3.0%

* = includes VAT at 20%

	2021-22 From 1 April 2021 £	2022-23 From 1 April 2022	2023-34 Proposed	Increase %
Category: GOLD				
Commercial up to 250 sq metres				
Commercial up to 500 sq metres	845.00 *	871.00 *	897.20	3.0%
Commercial up to 1000 sq metres	965.00 *	994.00 *	1023.90	3.0%
Commercial up to 2500 sq metres	1,700.00 *	1751.00 *	1803.60	3.0%
Over 2500 sq metres	2,250.00 *	2318.00 *	2387.60	3.0%
Other (listed building, advertisements, agricultural, telecommunications and trees)	900.00 *	927.00 *	954.90	3.0%
Category: PLATINUM				
Commercial up to 250 sq metres	Not applicable	Not applicable	Not applicable	
Commercial up to 500 sq metres	Not applicable	Not applicable	Not applicable	
Commercial up to 1000 sq metres	Not applicable	Not applicable	Not applicable	
Commercial up to 2500 sq metres	Not applicable	Not applicable	Not applicable	
Over 2500 sq metres	Price on application *	Price on application *	Price on application	
Other (listed building, advertisements, agricultural, telecommunications and trees)	Not applicable	Not applicable	Not applicable	
Extras				
Additional plans				
Commercial up to 250 sq metres	84.00 *	87.00 *	89.70	3.1%
Commercial up to 500 sq metres	168.00 *	174.00 *	179.30	3.0%
Commercial up to 1000 sq metres	335.00 *	346.00 *	356.40	3.0%
Commercial up to 2500 sq metres	565.00 *	582.00 *	599.50	3.0%
Commercial over 2500 sq metres	845.00 *	871.00 *	897.20	3.0%
Other (listed building, advertisements, agricultural, telecommunications and trees)	168.00 *	174.00 *	179.30	3.0%
Meeting				
Commercial up to 250 sq metres				
Commercial up to 500 sq metres	335.00 *	346.00 *	356.40	3.0%
Commercial up to 1000 sq metres	450.00 *	464.00 *	478.00	3.0%
Commercial up to 2500 sq metres	675.00 *	696.00 *	716.90	3.0%
Commercial over 2500 sq metres	900.00 *	927.00 *	954.90	3.0%
Other (listed building, advertisements, agricultural, telecommunications and trees)	335.00 *	346.00 *	356.40	3.0%

*= includes VAT at 20%

	2021-22 From 1 April 2021 £	2022-23 From 1 April 2022	2023-34 Proposed	Increase %
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No charge will be made for:

- advice given during the process of a planning application
- advice given to non- profit making organisations/ charities/ hospitals/ *statutory bodies (up to the point where professional agents are appointed)
- advice on proposals relating to disabled living

Parish councils will receive 50% off the fee

* a statutory body is based on the definition set out in the General Development Order

Planning performance agreements

For major applications only (residential or commercial)

Deposit	500.00 *	500.00 *	500.00	0.0%
Subsequent costs	Price on application *	Price on application *		

Charges for tree advice- for a site visit and written response

Pre- application advice on works to trees (TPO and conservation area)

First hour	88.00 *	88.00 *	90.70	3.1%
Per subsequent hours	58.00 *	58.00 *	59.80	3.1%

General tree advice

First hour	88.00 *	88.00 *	90.70	3.1%
Per subsequent hours	58.00 *	58.00 *	59.80	3.1%

Tree survey on proposed development site

Per hour	88.00 *	88.00 *	90.70	3.1%
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High Hedges

	600.00	618.00	636.60	3.0%
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Conservation Area Character Appraisals and Landscape Character Assessments are available to download for free on our website- price on application for printed copies

*= includes VAT at 20%

	2021-22 From 1 April 2021 £	2022-23 From 1 April 2022	2023-34 Proposed	Increase %
<u>Local Plan Documents</u>				
<u>Examination Documents</u>				
Guildford borough Local Plan Strategy and Sites Adopted 25th April 2019	47.50	49.00	50.50	3.1%
Submission Local Plan: strategy and sites - Main Modifications (2018)	43.50	45.00	46.00	2.2%
Schedule of Main Modifications to the Plan (2018)	15.00	15.50	16.00	3.2%
Schedule of Minor Modifications to the Plan (2018)	15.00	15.50	16.00	3.2%
<u>Submission Documents</u>				
Submission Local Plan: strategy and sites (2017)	43.50	45.00	46.50	3.3%
Guildford borough Proposed Submission Local Plan: strategy and sites (2016)	43.50	45.00	46.50	3.3%
Schedule of proposed minor modifications to Submission Local Plan (2017)	15.00	15.50	16.00	3.2%
Track changed version of Submission Local Plan (2017)	43.50	45.00	46.50	3.3%
Sustainability Appraisal (SA) and Non-technical Summary (2017)	26.50	27.50	28.00	1.8%
Habitat Regulations Assessment (HRA) (2017)	16.50	17.00	17.50	2.9%
Equalities Impact Assessment (EIA) Screening (2014)	3.00	3.25	3.50	7.7%
Local Development Scheme (LDS) (2017)	3.00	3.25	3.50	7.7%
Consultation Statement (2017)	135.00	139.00	143.20	3.0%
Community Involvement in Planning (2013)	9.00	9.25	9.50	2.7%
Monitoring Report 2016/17 (2017)	9.00	9.25	9.50	2.7%
Housing				
West Surrey Strategic Housing Market Assessment (SHMA) (2015)	33.00	34.00	35.00	2.9%
West Surrey SHMA - Guildford Summary Report (2015)	9.00	9.50	10.00	5.3%
West Surrey SHMA: Guildford Addendum Report 2017 (2017)	15.50	16.00	16.50	3.1%
Review of Housing Needs Evidence across West Surrey HMA (2017)	9.00	9.50	10.00	5.3%
Traveller Accommodation Assessment (TAA) (2017)	16.50	17.00	17.50	2.9%
Land Availability Assessment (LAA) (2017)	74.00	76.00	78.00	2.6%
Land Availability Assessment (LAA) (2016)	74.00	76.00	78.00	2.6%
Employment				
Employment Land Needs Assessment (ELNA) (2017)	16.50	17.00	17.50	2.9%
West Surrey Functional Economic Market Area (FEMA) (2016)	3.00	3.25	3.50	7.7%
Retail and Leisure Update Study (2014)	31.00	32.00	33.00	3.1%
Guildford Retail and Leisure Study Addendum (2017)	9.00	9.50	10.00	5.3%

*= includes VAT at 20%

	2021-22 From 1 April 2021 £	2022-23 From 1 April 2022	2023-34 Proposed	Increase %
Protecting and Design				
Historic Environment Information (2016)	45.00	46.50	48.00	3.2%
Environmental Sustainability and Climate Change Study (2013)	12.00	12.50	13.00	4.0%
Assessment of the Viability of Carbon Emission Targets for New Builds (2017)	26.00	27.00	28.00	3.7%
Guildford Renewable Energy Mapping Study (2015)	15.00	15.50	16.00	3.2%
Green Belt and Countryside Study , Volumes I – VI	345.00	355.50	366.00	3.0%
Green Belt and Countryside Study - volume I	29.00	30.00	31.00	3.3%
Green Belt and Countryside Study - volume II	67.00	69.00	71.00	2.9%
Green Belt and Countryside Study - volume II appendix III	127.50	131.50	135.50	3.0%
Green Belt and Countryside Study - volume III	57.50	59.00	61.00	3.4%
Green Belt and Countryside Study - volume III appendix VI	50.50	52.00	53.50	2.9%
Green Belt and Countryside Study - volume IV	45.50	47.00	48.50	3.2%
Green Belt and Countryside Study - volume V	129.00	133.00	137.00	3.0%
Green Belt and Countryside Study - volume VI	5.00	5.25	5.50	4.8%
Landscape Character Assessment (4 volumes) (2007):				
- Volume 1 - Rural Assessment	26.00	27.00	28.00	3.7%
- Volume 2 - Rural-Urban Fringe Assessment	21.00	21.50	22.00	2.3%
- Volume 3 - Townscape Assessment	21.00	21.50	22.00	2.3%
- Volume 4 - Countryside Character Areas	5.00	5.25	5.50	4.8%
Surrey Hills AONB Areas of Search Natural Beauty Evaluation Report (2013)	10.50	11.00	11.50	4.5%
Thames Basin Heaths Special Protection Area Avoidance Strategy Supplementary Planning Document (2017)	10.50	11.00	11.50	4.5%
Sites of Nature Conservation Importance (SNCI) Surveys 2004-2007	9.00	9.50	10.00	5.3%
SNCI Survey Report – Former Wisley airfield (2016)	10.50	11.00	11.50	4.5%
SNCI Survey Report – Little Flexford (2016)	9.00	9.25	9.50	2.7%
Strategic Flood Risk Assessment (SFRA)				
- Level 1 SFRA: Summary Report (2016)	5.50	5.75	6.00	4.3%
- Level 1 SFRA: Volume 1 - Final Decision Support	12.50	13.00	13.50	3.8%
- Level 1 SFRA: Volume 2 - Technical Report (2016)	11.00	11.50	12.00	4.3%
- Level 1 SFRA: Flood risk Sequential and Exception Test (2017)	9.50	10.00	10.50	5.0%
- Level 2 SFRA (2016)	24.00	24.50	25.00	2.0%
- Level 2 SFRA: 2017 Addendum (2017)	9.00	9.25	9.50	2.7%
Surface Water Management Plan (Six documents)	21.00	21.50	22.00	2.3%

* = includes VAT at 20%

	2021-22 From 1 April 2021 £	2022-23 From 1 April 2022	2023-34 Proposed	Increase %
Infrastructure and Delivery				
Guildford borough Infrastructure baseline (Guildford Borough Council, July 2013)	25.00	26.00 16.00	27.00	3.8%
Guildford borough Infrastructure Delivery Plan (IDP) (Guildford Borough Council, December 2017)	15.50		16.50	3.1%
Local Plan and CIL Viability Study (2016)	15.50	16.00	16.50	3.1%
Local Plan Viability Update (2017)	9.00	9.50	10.00	5.3%
Guildford Education Review (2016)	5.50	5.75	6.00	4.3%
Open Space, Sports and Recreation Assessment (2017)	52.00	53.50	55.00	2.8%
Guildford Assessment of Sites for Amenity Value (2017)	19.00	19.50	20.00	2.6%
Settlement Hierarchy Study (2014)	23.00	23.50	24.00	2.1%
Settlement Profiles (2013)	20.00	20.50	21.00	2.4%
Water Quality Assessment (2017)	9.00	9.25	9.50	2.7%
Transport				
Guildford Borough Transport Strategy 2017 (December 2017)	10.50	11.00	11.50	4.5%
Strategic Highway Assessment for the Guildford borough Proposed Submission: strategy and sites (various years)	18.50	19.00	19.50	2.6%
Study of performance of A3 trunk road interchanges in Guildford urban area to 2024 under development sc	15.50	16.00	16.50	3.1%
Study of performance of A3 trunk road interchanges in Guildford urban area to 2024 under development sc	15.50	16.00	16.50	3.1%
Guildford Town and Approaches Movement Study (2015)	62.00	64.00	66.00	3.1%
Guildford Town Centre Parking Strategic Review (2013)	15.50	16.00	16.50	3.1%
A Sustainable Parking Strategy for Guildford 2016 (Guildford Borough Council, 2016)	10.50	10.75	11.00	2.3%
Parking Business Plan 2017 (Guildford Borough Council, 2017)	10.50	10.75	11.00	2.3%
Draft Guildford Town Centre Vision (Allies and Morrison Urban Practitioners, June 2014)	15.50	16.00	16.50	3.1%
Guildford Town Centre and Hinterland Masterplan Report: Final draft report for consultation (various years)	26.00	27.00	28.00	3.7%
Guildford Town Centre Regeneration Strategy 2017 (Guildford Borough Council, January 2017)	15.50	16.00	16.50	3.1%
Guildford Local Cycling Plan (Surrey County Council, undated circa 2015) [Accessed 6/12/2017]	15.50	16.00	16.50	3.1%

*= includes VAT at 20%

	2021-22 From 1 April 2021 £	2022-23 From 1 April 2022	2023-34 Proposed	Increase %
Other Supporting Documents				
Habitat Regulations Assessment (HRA) Screening (2013)	10.00	10.25	10.50	2.4%
Sustainability Appraisal (SA) Scoping Report (2013)	10.50	10.75	11.00	2.3%
SA site assessment criteria	5.00	5.25	5.50	4.8%
Guildford borough Local Plan Strategy and Sites Issues and Options (2013)	31.00	32.00	33.00	3.1%
Community Engagement Statement (Issues and Options) (2014)	10.50	10.75	11.00	2.3%
Initial Sustainability Appraisal (SA) (2013)	25.50	26.25	27.00	2.9%
Statement of Community Engagement (draft Local Plan) (2014)	5.00	5.25	5.50	4.8%
Interim Sustainability Appraisal (SA) Report (2014)	15.50	16.00	16.50	3.1%
Sustainability Appraisal (SA) of the Guildford borough Local Plan (2016)	25.50	26.25	27.00	2.9%
Sustainability Appraisal (SA) non-technical summary (2016)	3.00	3.25	3.50	7.7%
Guildford Local Plan HRA update May 2018	15.50	16.00	16.50	3.1%
Neighbourhood Plans				
Burpham Neighbourhood Plan	15.50	16.00	16.50	3.1%
Effingham Neighbourhood Plan	15.50	16.00	16.50	3.1%
East Horsley Neighbourhood Plan	15.50	16.00	16.50	3.1%
Topic Papers				
Topic paper: Duty to Cooperate (2017)	69.00	71.00	73.00	2.8%
Topic paper: Transport (2017)	22.00	22.75	24.00	5.5%
Topic paper: Green Belt and Countryside (2017)	14.50	15.00	15.50	3.3%
Topic paper: Housing Delivery (2017)	12.00	12.25	12.50	2.0%
Topic paper: Employment (2017)	12.50	13.00	13.40	3.1%
Topic paper: Retail and Town Centre (2017)	4.50	4.75	5.00	5.3%
Topic paper: Leisure and Tourism (2017)	17.00	17.50	18.00	2.9%
Topic paper: Housing Type Tenure and Mix (2017)	2.00	2.00	2.00	0.0%
Topic paper: Flood Risk (2017)	14.50	15.00	15.50	3.3%
Topic paper: Environmental Sustainability and Climate Change (2017)	4.00	4.25	4.50	5.9%
Topic paper: Green and Blue Infrastructure (2017)	3.50	3.75	4.00	6.7%
Supplementary Planning Guidance				
Residential Extensions and Alterations SPD	20.00	20.50	21.00	2.4%
Thames Basin Heath Special Protection Area Avoidance Strategy (2017) SPD	10.00	10.25	10.50	2.4%
Guildford Town Centre Views SPD (2019)	23.00	23.75	24.50	3.2%
Development Briefs and Other Strategies				
Thames Basin Heath Special Protection Area Avoidance Strategy (2017)	10.00	10.25	10.50	2.4%

*= includes VAT at 20%

	2021-22 From 1 April 2021 £	2022-23 From 1 April 2022	2023-34 Proposed	Increase %
Postage and packing				
Small documents	1.60 *	1.75 *	2.00	14.3%
Large documents	4.00 *	4.25 *	4.50	5.9%
Draft Local Plan- first class	16.75 *	17.25 *	18.00	4.3%
Draft Local Plan- second class	14.75 *	15.25 *	15.80	3.6%
 The above Local Plan documents are available to download for free on our website				
 Land Charges Search Fees -(VAT introduced on 31st March 2017)				
Basic Fee- domestic	188.00 *	189.20 *	194.60	2.9%
LLC1 Only- domestic	40.00	40.00	40.00	0.0%
Con 29R Only- domestic	148.00 *	149.20 *	154.60	3.6%
Basic Fee- commercial	255.00 *	256.20 *	261.60	2.1%
LLC1 Only- commercial	60.00	60.00	60.00	0.0%
Con 29R Only- commercial	195.00 *	196.20 *	201.60	2.8%
Con29 Additional Questions- Surrey County Council	20.40 *	21.00 *	23.00	9.5%
Con29 Additional Questions- Guildford Borough Council	12.00 *	12.00 *	12.00	0.0%
Assisted Personal Search	32.00	32.00	32.00	0.0%
Assisted Con29R Search (Per Question)	7.20 *	7.20 *	7.20	0.0%
Additional Parcels of Land	16.80 *	16.80 *	16.80	0.0%
Additional Questions	48.00 *	48.00 *	48.00	0.0%

*= includes VAT at 20%

	2021-22 From 1 April 2021 £	2022-23 From 1 April 2022	2023-34 Proposed	Increase %
House name change	51.50	51.50	60.00	16.5%

House Name
House name change

*= includes VAT at 20%

	2021-22 From 1 April 2021 £	2022-23 From 1 April 2022 £	2023-24 Proposed	Increase %
To be approved by Council				
Farmers Market				
Stall Charge (per market, per linear metre of frontage)	9.90	10.20	11.90	16.7%
Fee Supplement	4.00	4.15	0.00	-100.0%
Car Parking	* 9.00 *	9.30 *	9.60	3.2%
Standard charges				
Poster Boards				
Commercial advertising				
10 x 4ft boards			75.00	
Band A posters			53.00	
Band B posters			40.00	
Non commercial advertising				
10 x4ft banners			48.00	
Band A posters			43.00	
Band B posters			32.00	

*= includes VAT at 20%

	2021-22		2022-23		2023-24	Increase
	From 1 April 2021		From 1 April 2022		Proposed	%
	£		£			
High Street Banner						
Commercial						
Upper High Street - Rental per space - Rental per week	*	390.00	*	401.70	*	325.00 -19.1%
Upper High Street - Rental per space - Rental subsequent weeks (maximum rental 3 weeks)	*	142.80	*	147.10	*	120.00 -18.4%
Lower High Street - Rental per space - Rental per week	*	390.00	*	401.70	*	400.00 -0.4%
Lower High Street - Rental per space - Rental subsequent weeks (maximum rental 3 weeks)	*	142.80	*	147.10	*	145.00 -1.4%
Non commercial						
Upper High Street - Rental per space - Rental per week						245.00
Upper High Street - Rental per space - Rental subsequent weeks (maximum rental 3 weeks)						90.00
Lower High Street - Rental per space - Rental per week						300.00
Lower High Street - Rental per space - Rental subsequent weeks (maximum rental 3 weeks)						110.00
North Street Rotunda						
Commercial charges for full day						
-Weekday		125.00		128.75		100.00 -22.3%
- Saturday		200.00		206.00		150.00 -27.2%
- Sunday		165.00		169.95		100.00 -41.2%
Non commercial charges for full day						
-Weekday		60.00		61.80		50.00 -19.1%
- Saturday		100.00		103.00		75.00 -27.2%
- Sunday		80.00		82.40		50.00 -39.3%

*= includes VAT at 20%

	2021-22 from 1 April 2021 £	2022-23 from 1 April 2022	2023-24 Proposed	Increase %
To be approved by Council				
House Purchase Fees				
Right to Buy Engrossment Fee	88.00	90.64	93.40	3.0%
Leasehold Enquires	132.00	135.96	140.00	3.0%
(b) Equity Share Lease Surrender	113.00	116.39	119.90	3.0%
Road Closure Application Fee	150.00	154.50	159.10	3.0%

This is the minimum standard charge which includes the cost of basic laminated signage only. The actual amount payable is subject to any additional signage costs incurred.

Council Minutes Booklet and Committee Agendas - Annual Subscription
- All available on line free of charge - Hard copies available but will charged at cost to GBC

- Business organisations (per committee)
- Amenity organisations and private individuals
- Parish Councils (first copy free)
- Individual Agendas
- Constitution
- Annual Report and Statement of Accounts - supply to Borough Residents
- Annual Report and Statement of Accounts - supply to organisations and individuals outside the Borough

Section 106 Agreements

Suitable Access to Natural Green Space (SANGS) Section 106 agreement or Unilateral Undertaking	750.00	772.50	772.50	0.0%
Section 106 agreement or Unilateral Undertaking (development up to 25 dwellings)	1,145.00	1179.35	1179.40	0.0%
Section 106 agreement or Unilateral Undertaking (development exceeding 25 up to 50 dwellings)	2,275.00	2343.25	2343.30	0.0%
Section 106 agreement or Unilateral Undertaking (development exceeding 51 up to 100 dwellings)	Minimum of £2,275 **	Minimum of £2,275	Minimum of £2,275	
Section 106 agreement or Unilateral Undertaking (development exceeding 101 up to 199 dwellings)	Minimum of £2,275 **	Minimum of £2,275	Minimum of £2,275	
Section 106 agreement (Major applications, small scale, large scale)	Minimum of £2,275 **	Minimum of £2,275	Minimum of £2,275	

**this is presented as a general guide, in each instance the Council will provide a pre-estimate of the likely time and costs, and will seek its costs in relation to actual work completed on the basis of an officer fee of £180 per hour.

*= includes VAT at 20%

	2021-22 from 1 April 2021 £	2022-23 from 1 April 2022	2023-24 Proposed	Increase %
Property Transactions – Legal Charges				
Grant of new lease up to 100 sq. m	Minimum £555**	Minimum £555**	Minimum £555**	0.0%
Grant of new lease 101 to 300 sq. m	Minimum £760**	Minimum £760**	Minimum £760**	0.0%
Grant of new lease 301 – 700 sq. m	Minimum £875**	Minimum £875**	Minimum £875**	0.0%
Grant of new lease over 700 sq. m	Minimum £1,320**	Minimum £1,320**	Minimum £1,320**	0.0%
Renewal of lease up to 100 sq. m	Minimum £430**	Minimum £430**	Minimum £430**	0.0%
Renewal of lease 101 to 300 sq. m	Minimum £555**	Minimum £555**	Minimum £555**	0.0%
Renewal of lease 301 – 700 sq. m	Minimum £660**	Minimum £660**	Minimum £660**	0.0%
Renewal of lease over 700 sq. m	Minimum £875**	Minimum £875**	Minimum £875**	0.0%
Deed of Variation	Minimum £575**	Minimum £575**	Minimum £575**	0.0%
Rent Deposit Deed	Minimum £220**	Minimum £220**	Minimum £220**	0.0%
Licence to Assign/Alter	Minimum £555**	Minimum £555**	Minimum £555**	0.0%
Licence to Underlet	Minimum £660**	Minimum £660**	Minimum £660**	0.0%
Grant of new Licence for grazing/garden/access	Minimum £495**	Minimum £495**	Minimum £495**	0.0%
Renewal of Licence for grazing/garden/access	Minimum £280**	Minimum £280**	Minimum £280**	0.0%
Grant of new Licence for scaffolding/development compound	Minimum £495**	Minimum £495**	Minimum £495**	0.0%
Renewal of Licence for scaffolding/development compound	Minimum £380**	Minimum £380**	Minimum £380**	0.0%
Grant of Easement/wayleave	Minimum £555**	Minimum £555**	Minimum £555**	0.0%
Sale of freehold	Minimum £760**	Minimum £760**	Minimum £760**	0.0%

** These are the minimum standard charges. Protracted or complex cases can exceed these figures in which case the Council's reasonable legal costs are payable.

Approved by the Government

Electoral Register Sales

Fees are set by Statute and are available on request.

*= includes VAT at 20%

	2021-22 from 1 April 2021 £	2022-23 from 1 April 2021	2023-24 Proposed	Increase %
To be approved by Council				
Temporary Accommodation Fees				
Daily Personal Charge Contributions				
Household size				
- Per adult person over 18	2.00	2.00	2.00	0.0%
- Children over 5 (per child)	0.50	0.50	0.50	0.0%

Rental element charge

For those who are working and not entitled to legacy Benefits such as Income Support, JSA, ESA; or the equivalent element of Universal Credit, the applicant will be required to pay the daily personal charge, plus a rental charge equivalent to 30% of their nett household income, which includes income from employment, private pensions and any Tax Credits or equivalent components of UC. Disability Benefits or equivalent UC elements will be disregarded.

Savings

An assessment of the client's accessible savings will be conducted as part of their housing assessment.

If a client has accessible savings in excess of £6,000, they may be required to meet the full cost of the provision of the bed and breakfast placement, less any HB subsidy available.

Each application will be considered on its merits and exceptions may apply in special cases. Examples include access to capital assets and the need to fund any onward accommodation solutions, such as rent in advance costs, rent deposit costs or other reasonable housing costs such as removals and essential white goods that may require purchasing in order to facilitate a move – on from interim accommodation.

	2021-22 From 1 April 2021 £	2022-23 From 1 April 2022	2023-24 Proposed	Increase %
To be approved by Council				
Local Taxation				
Court Costs - Council Tax*	100.50	100.50	103.50	3.0%
Court Costs - Business Rates*	120.50	120.50	124.10	3.0%
Court Costs - BID Levy*	10.50	10.50	10.80	2.8%
*these amounts includes £20.00 payable for Liability Order				
Letting of Council Accommodation for Meetings (Charges for other uses subject to negotiation)				
<u>Council Chamber</u>				
Morning	252.00	260.00	267.80	3.0%
Afternoon	252.00	260.00	267.80	3.0%
Evening to 9.00 pm	325.00	335.00	345.00	3.0%
<u>Room 1 (Chantries)- previously Committee Room 1</u>				
Morning	175.00	180.00	185.40	3.0%
Afternoon	175.00	180.00	185.40	3.0%
Evening to 9.00 pm	252.00	260.00	267.80	3.0%
<u>Room 2 (Newlands)- previously Committee Room 2</u>				
Morning	175.00	180.00	185.40	3.0%
Afternoon	175.00	180.00	185.40	3.0%
Evening to 9.00 pm	257.00	265.00	273.00	3.0%
<u>Room 3 (Sheeppleas)</u>				
Morning	125.00	129.00	132.90	3.0%
Afternoon	125.00	129.00	132.90	3.0%
Evening to 9.00 pm	180.00	186.00	191.60	3.0%
<u>Room 4 (Chinthurst)</u>				
Morning	87.50	90.00	92.70	3.0%
Afternoon	87.50	90.00	92.70	3.0%
Evening to 9.00 pm	128.00	132.00	136.00	3.0%
<u>Room 5 (Whitmoor)</u>				
Morning	87.50	90.00	92.70	3.0%
Afternoon	87.50	90.00	92.70	3.0%
Evening to 9.00 pm	128.00	132.00	136.00	3.0%
<u>Room 6 (Hurtmore)</u>				
Morning	175.00	180.00	185.40	3.0%
Afternoon	175.00	180.00	185.40	3.0%
Evening to 9.00 pm	257.00	265.00	273.00	3.0%

* = includes VAT at 20%

	2021-22	2022-23	2023-24	Increase
	From 1 April 2021	From 1 April 2022	Proposed	
<u>Room 7 (Loseley)</u>				
Morning	54.50	56.00	57.70	3.1%
Afternoon	54.50	56.00	57.70	3.1%
Evening to 9.00 pm	76.50	79.00	81.40	3.1%
<u>Room 8 (Hatchlands)</u>				
Morning	105.00	108.00	111.20	3.0%
Afternoon	105.00	108.00	111.20	3.0%
Evening to 9.00 pm	153.50	158.00	162.70	3.0%

House Purchase Fees

- Consent - Application in Advance
- Consent - Retrospective Application

*= includes VAT at 20%

Guildford Borough Council

Appendix 5 – schedule of projected General Fund usable reserves 2023/24

	2021-22	2022-23	2023-24	2023-24	Reserves Analysis for budget report / accounts narrative statement	Purpose of the Reserve / Policy on use
	Closing balance, £000	Closing balance, £000	Movement £000	Closing balance, £000		
	44,651	45,016		45,382	Available to support capital / revenue budgets	
					Earmarked for specific purposes / management of risk	
					Developer contributions	
General Fund						
Election Costs	(218,208)	(280,708)	250,000	(30,708)		Contributions are made in non election years to offset the additional costs in the year that borough elections are held.
Interest Rate Movements	(1,050,969)	(1,050,969)	0	(1,050,969)		To allow for changes in predicted interest rates after the budget for the year has been set.
Concurrent Functions Grant Aid	(75,118)	(52,361)	0	(52,361)		Set up from Concurrent Function grant aid not required by Parish Councils, to allow urgent requests to be considered during the year.
HLS projects	(200,413)	(239,431)	0	(239,431)		To receive grants from Natural England prior to financing approved schemes in parks and countryside.
New Homes Bonus	(21,086)	(186)	0	(186)	(186)	To receive balance of new homes bonus grant received and not used in the year. Should be used in line with NHB Policy approved Council Feb 2016.
Capital Schemes	0	0	0	0	0	Financing of General Fund capital schemes within approved programmes.
Carried Forward Items	(551,728)	(447,042)	0	(447,042)	(447,042)	To finance expenditure in future years that was budgeted for but not able to be progressed in the year and which is still required.
Collection Fund Balance	(150,000)	(150,000)	0	(150,000)		Use as appropriate to smooth out the effects on the General Fund of a surplus or deficit on the Collection Fund.
Insurance	(993,003)	(993,003)	0	(993,003)		Maintain at level recommended by professional advisors. Receives or pays out the balance on the revenue account in the year and finances un-insured claims and excesses.
Invest to Save	(807,366)	(1,240,366)	0	(1,240,366)	(1,240,366)	To be used to fund investment opportunities in services that will allow ongoing savings to be achieved and accommodate short term increases in revenue costs during periods of transition.
Salix	(397,416)	(263,441)	0	(263,441)		Match funding for Salix (Carbon Trust) grant. Consists of two separate reserves in order to comply with the requirements of the Carbon Trust.
IT Renewals	(1,404,113)	(2,316,113)	568,760	(1,747,353)		Receives repayments from services to fund expenditure as set out in the ICT Strategy.
LABGI	(214,522)	(214,522)	0	(214,522)	(214,522)	Set up with income received from Local Authority Business Growth Incentive grant. This money will be used to support schemes that will also benefit the businesses in the Borough.
Spectrum	(1,933,370)	(391,448)	0	(391,448)		Maintained in order to provide funds for structural repairs and improvements. Under the Leisure Management contract responsibility for the fabric of the buildings remains with the Council.
Car Parks Maintenance	(2,981,275)	(2,291,275)	0	(2,291,275)	(2,291,275)	Financing of repairs, maintenance and improvements in off street car parks.
Land Charges	(105,011)	(105,011)	0	(105,011)		Balance on the land charges account for the year. Legislation requires that the Land Charges service breaks even over a three year period.
Park & Ride	(1,650,000)	(1,650,000)	0	(1,650,000)		Created in 2008/09 in lieu of a s106 contribution from the Queen Elizabeth Park development used to fund park and ride expenditure at Merrow and Artington.
Slyfield Area Regeneration Project (SARP)	0	0	0	0	0	Receives contributions from partners involved in the SARP and finances partnership expenditure.
Ash Manor AWP	0	0	0	0	0	To provide for replacement of Ash Manor All Weather Pitch, as required by agreement with the Football Foundation.
Ash Manor Renewals	(2,520)	(2,520)	0	(2,520)		To receive one third of any operational surplus on Ash Manor sports centre, as part of the tri-partite agreement in place.
Ash Manor Facilities Development	(2,520)	(2,520)	0	(2,520)		To receive one third of any operational surplus on Ash Manor sports centre, as part of the tri-partite agreement in place.
Pension Reserve (GBC)	(975,000)	(975,000)	0	(975,000)		Set up as part of closing the 2010-11 accounts in order to provide for a potential backfunding liability for staff transferred under TUPE to the Leisure Management
G Live sinking fund	(120,000)	(130,000)	(10,000)	(140,000)		Required by the G Live operator agreement.
Leisure Management Contract	(45,686)	(45,686)	0	(45,686)		Receives a minimum of 50 per cent of any surplus on the Leisure Management contract (excluding Ash manor) as required by the contract.
Legal actions	0	0	0	0	0	Available to finance legal costs and awards made because of actions taken against the Council, including judicial review.
Liongate rent top-up	0	0	0	0	0	To allow for the accounting treatment of an investment property where the purchase price was reduced by an amount for rental income compensation.
Family support programme	(418,652)	(553,185)	0	(553,185)		To hold the balance of funds supplied by Surrey County Council for the Family Support programme, prior to expenditure being incurred.
Local Plan	(234,083)	(234,083)	0	(234,083)		To fund communications support work on the Local Plan and a contribution to the University of Surrey for the International Music Festival. The transfer out in the year relates to the music festival so going forward this reserve will relate only to the Local Plan.
Salix admin	(33,796)	(33,796)	(68,700)	(102,496)		

Guildford Borough Council

Appendix 5 – schedule of projected General Fund usable reserves 2023/24

	2021-22	2022-23	2023-24	2023-24	Reserves Analysis for budget report / accounts narrative statement	Purpose of the Reserve / Policy on use	
	Closing balance, £000	Closing balance, £000	Movement £000	Closing balance, £000			
	44,651	45,016		45,382	Available to support capital / revenue budgets	Developer contributions	
					Earmarked for specific purposes / management of risk		
Energy Management Schemes	(197,637)	(197,637)	0	(197,637)		Funding for energy management schemes similar to Salix schemes but for which match funding is not available.	
Preventing Homelessness	(832,296)	(932,296)	0	(932,296)		Received grant from Department of Communities and Local Government (DCLG) for use in partnership work across Surrey to prevent homelessness in future years.	
Preventing Repossession	(621,346)	(621,346)	0	(621,346)		Received grant from DCLG to fund preventing repossession work in future years.	
Civil Parking Enforcement - GBC/GLC shared contr	1,874	0	0	0		To receive net funds due to Guildford and finance expenditure as allowed under the Civil Parking Enforcement agreement with Surrey County Council. Controlled jointly by the council and the Guildford Local Committee.	
Business Rates equalisation	(22,765,076)	(13,517,858)	8,681,581	(4,836,277)	(10,017,858)	(3,500,000)	To be used as appropriate to smooth out the effects of the Business Rates Retention Scheme, including those related to regeneration projects.
Job Evaluation	0	0	0	0	0		To accommodate the medium term effects of salary changes should the Council choose to implement Job Evaluation following completion of the Pay and Grading exercise in 2014-15.
Masterplan	0	0	0	0	0		To finance the preparation of a Master plan for the borough.
SPA - Effingham	(2,895,247)	(2,895,247)	0	(2,895,247)		(2,895,247)	Receives s106 contributions for the Effingham SPA, prior financing expenditure on approved schemes.
SPA - Riverside	(966,681)	(966,681)	0	(966,681)		(966,681)	Receives s106 contributions for the Riverside Park SPA, prior financing expenditure on approved schemes.
SPA - Chantry Wood	(5,271,210)	(5,271,210)	0	(5,271,210)		(5,271,210)	Receives s106 contributions for the Chantry Wood SPA, prior financing expenditure on approved schemes.
SPA - Lakeside	(534,975)	(534,975)	0	(534,975)		(534,975)	Receives s106 contributions for the Lakeside SPA, prior financing expenditure on approved schemes.
SPA - Parsonage Water	(1,906,545)	(1,906,545)	0	(1,906,545)		(1,906,545)	Receives s106 contributions for the Parsonage Water SPA, prior financing expenditure on approved schemes.
Community Centres	(114,507)	(114,507)	0	(114,507)		(114,507)	To finance works on Community Centres
SCC Prevention partnership fund	0	0	0	0		0	To hold grants given by Surrey County Council prior to expenditure being incurred.
Capital movements reserve	(333,000)	(333,000)	0	(333,000)		(333,000)	To protect the revenue account against sale of investments at a capital loss.
Investment Property rent	(77,200)	(77,200)	0	(77,200)		(77,200)	To offset any shortfall in investment property rental income in the year.
Budget Pressures	(737,506)	(712,506)	0	(712,506)	(712,506)		To facilitate the management of pressure on the General Fund revenue budget.
Civil Parking - GBC control	(361,830)	(360,138)	0	(360,138)		(360,138)	To receive income from on-street parking, as agreed under the Civil Parking Enforcement agreement with Surrey County Council and finance any approved expenditure.
Taxi Licensing	181,618	166,013	0	166,013		166,013	Previously included with the carry forward reserve. To receive or fund any balance on the Taxi Licensing services (except irrecoverable costs). Legislation requires that the service is budgeted to break even over three years.
Project Aspire	(68,734)	(68,008)	0	(68,008)		(68,008)	To finance the costs of Project Aspire.
BR Covid discount	(1,303,852)	(1,303,852)	0	(1,303,852)		(1,303,852)	To cover ongoing and future expenditure related to the Covid-19 pandemic.
Refugee Support	(246,813)	(321,813)	0	(321,813)		(321,813)	Reserve holds unspent specific grant monies awarded by government to the Council to spend on supporting families that the Council has housed through the national refugee programme
Prevention Partnership Fund	0	0	0	0		0	Reserve holds unspent specific grant monies awarded by government to the Council to spend on preventing extremism
Community Housing Fund	(60,962)	(60,962)	0	(60,962)		(60,962)	Reserve holds unspent specific grant monies received by the Council from Government for expenditure on supporting community housing projects
Planning Policy	(49,735)	(49,735)	0	(49,735)		(49,735)	
Safer Guildford Partnership	(16,283)	(20,283)	0	(20,283)		(20,283)	
TOTAL	(53,763,799)	(43,762,452)	9,421,641	(34,340,811)	(12,632,480)	(18,980,184)	(11,574,658)
Note: figures showing as a minus sign () indicate a favourable change from previous years budget					Total useable reserves:	(31,612,664)	

Council Report

Ward(s) affected: n/a

Report of Joint Strategic Director: Transformation and Governance

Author: John Armstrong

Tel: 01483 444102

Email: john.armstrong@guildford.gov.uk

Date: 8 February 2023

Corporate Governance & Standards Committee Annual Report: 2021-22

Executive Summary

Following receipt of the KPMG internal audit report on the effectiveness of the Corporate Governance & Standards Committee, which was considered at the Committee's meeting on 24 March 2022, one of the recommendations was that the Committee should report at least annually to the Council on its activities and an assessment of its performance in discharging its responsibilities as defined in the Committee's terms of reference.

The first of these annual reports, for the municipal year 2021-22, is attached as Appendix 1.

The Committee considered its first annual report at its meeting held on 19 January 2023 and commended it to the Council for adoption.

Recommendation to Council

The Council is asked to consider and adopt the annual report of the Corporate Governance & Standards Committee for 2021-22.

Reason for Recommendation:

To ensure that the Committee is accountable for its work to the full Council

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

1. Purpose of Report

- 1.1 The purpose of this report is to ask the Council to consider and adopt the annual report of the Corporate Governance & Standards Committee for the 2021-22 municipal year.

2. Strategic Priorities

2.1 The contents of the report are consistent with the following Values set out in the Council's Strategic Framework (2021-2025):

- We will listen to the views of residents and be open and accountable in our decision-making.
- We will deliver excellent customer service.
- We will spend money carefully and deliver good value for money services.
- We will ensure that our councillors and staff uphold the highest standards of conduct.

3. Background

3.1 Following receipt of the KPMG internal audit report on the effectiveness of the Corporate Governance & Standards Committee, which was considered by the Committee on 24 March 2022, one of the recommendations was that the Committee should report at least annually to the Council on its activities and an assessment of its performance in discharging its responsibilities as defined in the Committee's terms of reference.

3.2 The first of these annual reports, for the municipal year 2021-22, is attached for the Council's consideration, as Appendix 1.

4. Financial Implications

4.1 There are no direct financial implications in respect of this report

5. Legal Implications

5.1 Whilst production of an annual report on the activities of the committee is not a legal requirement, it is recognised as best practice. There are no direct legal implications arising from this report.

6. Human Resource Implications

6.1 There are no direct human resource implications in respect of this report.

7. Equality and Diversity Implications

- 7.1 Public authorities are required to have due regard to the aims of the Public Sector Equality Duty (Equality Act 2010) when making decisions and setting policies. 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 it.

8. Climate Change/Sustainability Implications

- 8.1 There are no direct climate change/sustainability implications arising from this report.

9. Background Papers

None

10. Appendices

Appendix 1: Draft Annual Report of the Corporate Governance & Standards Committee 2021-22

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CORPORATE GOVERNANCE AND STANDARDS COMMITTEE**ANNUAL REPORT 2021-22**

This report details the work undertaken by the Corporate Governance and Standards Committee over the 2021-22 municipal year. The purpose of this annual review of the work of the Committee is to help Members review the previous year's work and plan for the coming year.

In 2021-22, the Committee met on eight occasions. Additionally, the Committee met informally for the first time in January and March 2022 with the Council's internal and external auditors respectively.

The membership of the Committee in 2021-22, and their individual attendance record, was as follows:

Appointed councillors	Actual Attendance	% Attendance
Cllr George Potter (C)	8/8	100
Cllr Deborah Seabrook (VC)	8/8	100
Cllr David Goodwin	5/8	63
Cllr Nigel Manning	4/8	50
Cllr Susan Parker	7/8	88
Cllr John Redpath	6/8	75
Cllr James Walsh	5/8	63
Co-opted Independent Members:		
Mrs Maria Angel MBE	5/8	63
Mr Murray Litvak	3/8	38
Co-opted Parish Members:		
Ms Julia Osborn	5/8	63
Mr Ian Symes	5/8	63
Mr Tim Wolfenden	2/8	25

The attendance at most meetings by the Lead Councillors with audit and finance, and governance portfolio responsibilities ensures that the Committee maintains direct communication with the Executive.

Article 10 of the Council's Constitution limits the number of Executive members permitted to be members of the Committee to one, and they are also not permitted to be either chairman or vice-chairman of the Committee.

The Committee was supported at every meeting by the Director of Resources (S151 Officer), the Lead Specialist – Finance (Deputy S151 Officer), the Lead Specialist – Legal (Monitoring Officer), and the Democratic Services and Elections Manager.

This frequency of meetings ensures the Committee can fulfil its responsibilities in an efficient and effective way.

Purpose of the Annual Report

At its meeting on 24 March 2022, the Committee considered an Internal Audit Report from KPMG on the effectiveness of the Committee. One of the recommendations to management was the preparation of an annual report to full Council on an assessment of the performance of the Committee during the year.

The Committee agreed at its March 2022 to review its terms of reference, which was conducted by the Corporate Governance Task Group, who reported back to the Committee in June 2022. The Council adopted the revised terms of reference in July 2022 (see **Annex 1**).

The core functions of the Committee, which were not changed following adoption of the revised terms of reference, are to consider the Council's arrangements relating to:

- Audit and Accounts activity;
- Corporate Governance activity; and
- Ethical Standards activity

This annual report to full Council demonstrates the importance the Council places on the authority's governance and audit arrangements. The report on the work of the Committee provides assurance to the Council how the Committee is working towards:

- fulfilling its agreed terms of reference and adopted recommended practice; and
- strengthening risk management, internal control and governance arrangements.

This report also underpins the Annual Governance Statement, which is approved by this Committee.

Summary of work activity undertaken in 2021-22

A table showing the reports considered by the Committee in 2021-22 can be found in **Annex 2**. The main outcomes of the Committee's work in relation to its core functions can be summarised as follows:

Audit and Accounts Activity

External Audit

In a normal year, the Committee would be expected to approve the Council's audited Statement of Accounts and consider the external auditor's findings and management's response in that regard. However, due to a number of factors it has not yet been possible to adopt the 2020-21 accounts. Grant Thornton, the Council's external auditors, reported an update on progress with the audit to the Committee at its meeting on 21 April 2022.

During 2021-22, the Committee has received from the external auditor:

- Audit Reports on Certification of Financial Claims & Returns: Housing Benefit Subsidy and Pooling Housing Capital Receipts for the 2019-20 and 2020-21 financial years
- The external audit plan for 2020-21

The Committee also considered a report on arrangements for the re-appointment of the Council's external auditor for a 5-year period from 2023-24 and recommended to full Council that it accepts Public Sector Audit Appointments' invitation to opt into the sector-led option for the appointment of external auditors to principal local government for five financial years from 1 April 2023.

Internal Audit

The Committee considered reports from the Council's outsourced internal auditors, KPMG, in relation to the following activities:

- HRA / RTB receipts. (Outcome: **Amber/Red** - Partial assurance with improvement required). KPMG issued one high priority recommendation which related to the lack of a formal policy setting out roles, responsibilities, accountability and ownership throughout the process of monitoring and reporting on the spend of Right To Buy receipts. The Executive adopted such a policy on 24 February 2022.
- Review of the design and effectiveness of performance monitoring arrangements at the Council through specific review of three KPIs (Outcome: **Amber/Green** - significant assurance with minor improvement opportunities)
- Safeguarding (Outcome: **Amber/Red** - Partial assurance with improvement required)
- Key Learnings from Covid (Outcome: **Amber/Green** - significant assurance with minor improvement opportunities)
- The Future Guildford Programme (Outcome: **Amber/Green** - significant assurance with minor improvement opportunities)
- Financial Controls: Capital Management (Outcome: **Amber/Green** - significant assurance with minor improvement opportunities)
- Financial Controls: income and accounts receivable compliance (Outcome: **Amber/Red** - Partial assurance with improvement required) KPMG issued one high priority recommendation which related to the lack of formal procedures and controls to ensure regular monitoring of outstanding debt and subsequent chasing of customers. Management agreed various actions to address this recommendation with a target date of 30 June 2022.
- Financial Controls: expenditure and accounts payable compliance (Outcome: **Amber/Green** - significant assurance with minor improvement opportunities)
- Financial Controls: Procurement (Outcome: **Amber/Green** - significant assurance with minor improvement opportunities)
- Follow up reviews from 2020-21 (Outcome: **Amber/Green** - significant assurance with minor improvement opportunities)
- CIPFA Financial Management (Outcome: **Amber/Green** - significant assurance with minor improvement opportunities)
- Audit Committee Effectiveness (Outcome: **Amber/Green** - significant assurance with minor improvement opportunities)

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The Committee also received from KPMG the internal audit annual report and opinion on the adequacy and effectiveness of the Council's framework of governance, risk management and control. The overall opinion was stated as 'Partial assurance with improvements required'. A link to the Opinion was included in the Annual Governance Statement for 2021-22.

The Committee also agreed the internal audit plan for 2022-23.

Accounts

The Committee provides financial scrutiny of the Council's accounts by continuing to receive regular financial monitoring reports which summarise the projected outturn position for the Council's general fund revenue account, based on actual and accrued data for each reporting period.

The Committee also considered outturn reports for the 2020-21 financial year in respect of:

- Capital and Investment
- Housing Revenue Account
- General Fund Revenue Account

As part of the budget setting process each year the Committee also considers the Capital and Investment Strategy before it is considered by the Executive and adopted by full Council at its Budget Meeting.

Corporate Governance Activity

The Committee has considered a range of reports relating to corporate governance activities within its terms of reference.

One of the key aspects of the Committee's corporate governance activity is to consider and approve the Council's Annual Governance Statement (AGS) in advance of the formal approval of the Statement of Accounts. The AGS is a statutory requirement which sets out the Council's governance framework and procedures operating at the Council during the year, reviews their effectiveness, and identifies any significant governance issues occurring during the year.

The Committee noted that the 2020-21 AGS, had acknowledged the significant challenges (both financial and organisational) placed on the Council due to the Covid 19 pandemic, which came at a time when the Council was undergoing a major organisational transformation (Future Guildford). Consequently, there were a number of significant governance issues identified during the year, some of which were Covid related with priorities necessarily changed to focus on the need to support our most vulnerable residents, local businesses, and essential services.

In respect of its monitoring role, the Committee has considered and made specific requests for improvements in terms of layout and information provided in relation to the following key monitoring reports:

- Corporate Performance Monitoring
- Planning Appeals Monitoring Report

- Section 106 Monitoring

Following audit recommendations from KPMG in March 2021, the Committee had monitored the work undertaken to improve the Council's risk management processes, in particular the development of a new Risk Management Framework. Consequently, in April 2022, the Committee considered the proposed Corporate Risk Register and Risk Management Strategy and Policy and had made a number of comments to the Executive to inform its decision taken on 28 April to approve the Risk Register and the Strategy and Policy.

In relation to equalities, the Committee considers and reviews on an annual basis the Council's Equality Scheme and updates to the Action Plan, as well as the Gender Pay Gap Report.

In relation to information management, the Committee receives biannual reports on the Council's performance in responding to Freedom of Information requests, together with update reports on Data Protection and Information Security initiatives.

The Committee is responsible for monitoring the work of two cross party councillor working groups, the Councillor Development Steering Group and the Corporate Governance Task Group. This is done at least annually, or on a more frequent basis whenever it is necessary for the one of the groups to report to the Committee on any matter requiring a formal decision.

In addition, the Committee may be asked to consider any relevant corporate governance related issue referred to it by the Joint Chief Executive, a Director, the Leader/Executive, or another committee. In 2021, the then Leader asked the Corporate Governance Task Group to review the Protocol on the appointment, role, status, rights and obligations of Honorary Freemen and Honorary Aldermen. The Task Group undertook the review and reported its findings to the Committee in September 2021 and the Committee submitted formal recommendations for approval by Council in October 2021.

Ethical Standards Activity

In March 2022, the Committee considered the Annual Report of the Monitoring Officer on Misconduct Allegations dealt with during the 2021 calendar year. The Assessment Sub-Committee met twice to consider how three of those misconduct allegations against two borough councillors should be dealt with.

Of the three complaints referred to the Sub-Committee, two were recommended for informal resolution and no further action was taken in respect of the other.

Training and Development

Although training has been provided for councillors and co-opted members on the following relevant matters:

- Overview of role of Corporate Governance and Standards Committee
- Introduction to Local Government Finance

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- Treasury Management Training
- Introduction to Investment and Strategy, and
- Overview of Local Government Financial Reporting and Guide to the Accounting Statements

one of the recommendations contained in the Internal Audit Report from KPMG on the effectiveness of the Committee considered on 24 March 2022, was to note that the Chartered Institute of Public Finance and Accountancy (CIPFA) provided a knowledge and skills framework which included core areas of knowledge, specialist areas of knowledge and core skills against which members of the Committee should be assessed.

CIPFA subsequently confirmed that they were in the process of reviewing their knowledge and skills framework, which would form part of their revised *Audit Committees: Practical Guidance for Local Authorities and Police*, a copy of which was only received in November 2022. This piece of work is therefore still outstanding.

In the circumstances, it is proposed that this assessment should be made following the Borough Council elections with future training and development targeted at identified skills and knowledge gaps.

Work Programme

The Committee maintains a 12-month rolling-work programme, which is reviewed and updated at each meeting. It also includes unscheduled reports.

Looking Forward

Looking forward to the new municipal year following the Borough Council elections, the Committee will have a considerable number of matters to deal with on its work programme. Through the receipt of regular reports, the Committee will provide the usual level of robust challenge to corporate governance and audit practice and procedure across the authority to ensure that our arrangements are up to date and fit for purpose, communicated, embedded and routinely complied with. In addition, the Committee will request and consider reports in relation to relevant matters which come to its attention during the course of the year.

CORPORATE GOVERNANCE AND STANDARDS COMMITTEE

TERMS OF REFERENCE

Statement of purpose

The Committee has a dual purpose both as an audit committee and a standards committee.

The Committee is a key component of the authority's corporate governance. It provides an independent and high-level focus on the audit, assurance and reporting arrangements that underpin good governance and financial standards.

The purpose of the Committee is to provide independent assurance to councillors of the adequacy of the risk management framework and the internal control environment. It provides independent review of the authority's governance, risk management and control frameworks and oversees the financial reporting and annual governance processes. It oversees internal audit and external audit, helping to ensure efficient and effective assurance arrangements are in place.

With regard to standards, the Committee promotes high standards of conduct by councillors and co-opted members and oversees the arrangements for dealing with allegations of misconduct.

Audit and Accounts Activity

1. To consider reports on the summary of internal audit activity (actual and proposed) and the level of assurance that it can give over the Council's corporate governance arrangements and monitor the progress of high priority actions arising from audit recommendations
2. To consider reports dealing with the management and performance of the providers of the internal and external audit functions.
3. To approve the Internal and External Audit Plans, and significant interim changes.
4. To consider the external auditor's annual letter (including their audit fee), relevant reports (both financial and strategic) and the report to those charged with governance.
5. To consider specific reports submitted by the internal or external auditors
6. To comment on the scope and depth of internal and external audit work and ensure that it gives value for money.
7. To review and approve the annual statement of accounts and Audit Findings Report with specific emphasis on whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the Council.
8. To consider reports on the Capital and Investment Strategy prior to their referral to the Executive and Council
9. To consider budget monitoring reports at least on a quarterly basis.

Corporate Governance Activity

10. To monitor and review the operation of the Council's Constitution, particularly in respect of financial procedures and protocols, procurement procedures and guidelines

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and make recommendations, as appropriate, in respect of any proposed amendments to the Executive and Council.

11. To consider the Council's arrangements for corporate governance and to recommend such actions necessary to ensure compliance with best practice, together with any relevant corporate governance related issues referred to the Committee by the Joint Chief Executive, a Director, the Leader/Executive or any other committee of the Council.
12. To monitor the effective development and operation of risk management undertaken throughout the Council including the review of the Corporate Risk Register.
13. To consider and approve the Council's Annual Governance Statement in advance of the formal approval of the Council's Statement of Accounts.
14. To consider an annual report of the operation of the whistle-blowing policy, including incidents reported
15. To monitor and audit the Council's equality and diversity policies and approve the Equality Scheme and associated action plan.
16. To monitor bi-annually the Council's performance in dealing with Freedom of Information and Environmental Information Regulations requests.
17. To monitor the Council's progress on various data protection and information security initiatives.
18. To consider annual reports on the work of task groups appointed by the Committee, together with other matters submitted to the Committee periodically by those task groups
19. To consider bi-annually Planning Appeals Monitoring Reports and S106 Monitoring Reports
20. To consider an annual report on the exercise of powers under the Regulation of Investigatory Powers Act 2000

Ethical Standards Activity

21. To promote and maintain high standards of conduct by councillors and co-opted members¹
22. To advise the Council on the adoption or revision of the Councillors' code of conduct.
23. To advise, train or arrange to train councillors and co-opted members on matters relating to the code of conduct.
24. To agree arrangements for the selection and interviewing of candidates for appointment as Independent Persons (including such joint arrangements with other councils as may be deemed by the Monitoring Officer to be appropriate) and to make recommendations to full Council on these appointments.
25. To agree allowances and expenses for the Independent Person and any Reserve Independent Persons
26. To grant dispensations, after consultation with the independent person, to councillors and co-opted members with disclosable pecuniary interests.

¹ A "co-opted member" for this purpose is, defined in the Localism Act section 27 (4) as "a person who is not a member of the authority but who

(a) is a member of any committee or sub-committee of the authority, or

(b) is a member of, and represents the authority on, any joint committee or joint sub-committee of the authority; and who is entitled to vote on any question that falls to be decided at any meeting of that committee or sub-committee".

Reference to councillors or co-opted members in paragraphs 30 and 31 includes councillors or co-opted members of parish councils in the Council's area.

27. To monitor and review the operation of the Code of Conduct for Staff and the Protocol on Councillor/ Officer Relations and to make recommendations as appropriate to Council in respect of any necessary amendments.
28. To consider the Monitoring Officer's Annual Report on misconduct complaints against councillors, and any other matter referred by the Monitoring Officer.

Accountability arrangements

To report to those charged with governance on the Committee's findings, conclusions and recommendations concerning the adequacy and effectiveness of their governance, risk management and internal control frameworks, financial reporting arrangements, and internal and external audit functions.

To report annually to full Council on the Committee's performance in relation to the terms of reference and the effectiveness of the Committee in meeting its purpose.

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CORPORATE GOVERNANCE AND STANDARDS COMMITTEE ACTIVITY – 2021/22

Annex 2

REPORTS	Jun 2021	Jul 2021	Aug 2021	Sep 2021	Nov 2021	Jan 2022	Mar 2022	Apr 2022
Annual Reports								
Equality Scheme and Action Plan								
Audit Report on Certification of Financial Claims & Returns: Housing Benefit Subsidy and Pooling Housing Capital Receipts								
Review of Task Groups Reporting to the Committee								
Capital and Investment Outturn Report 2020-21								
Housing Revenue Account Final Accounts 2020-21								
Revenue Outturn Report 2020-21								
Annual Governance Statement 2020-21								
External Audit Plan 2020-21								
Councillor Training and Development Update								
Capital and Investment Strategy (2022-23 to 2026-27)								
Annual Report of the Monitoring Officer - Misconduct Allegations								
Gender Pay Gap Report 2022								
Regular Reports								
Corporate Performance Monitoring								
Financial Monitoring								
Internal Audit Progress Reports								
Freedom of Information Compliance Update								
Data Protection and Information Security Update Report								
Planning Appeals Monitoring Report								
Risk Management								
Section 106 Monitoring								
Committee Work Programme								
Decision and Action Tracker								
Other reports received in accordance with terms of reference								
HRA Right To Buy Receipts Audit Report								
Protocol on the appointment, role, status, rights and obligations of Honorary Freemen and Honorary Aldermen								
Appointment of External Auditors								

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Appendix 1

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Council report

Ward(s) affected: All

Report of Joint Strategic Director, Transformation and Governance

Author: John Armstrong, Democratic Services and Elections Manager

Tel: 01483 444102

Email: john.armstrong@guildford.gov.uk

Lead Councillor responsible: Tom Hunt

Tel: 07495 040978

Email: tom.hunt@guildford.gov.uk

Date: 8 February 2023

Selection of Deputy Mayor: 2023-24

Executive Summary

At the Council meeting held on 6 December 2022, the Council considered a report on the selection of Mayor and Deputy Mayor for the Municipal Year 2023-24. In accordance with the constitutional changes adopted by the Council in 2014, the Council agreed to nominate the current Deputy Mayor, Councillor Masuk Miah for election as Mayor of the Borough for 2023-24, subject to the outcome of the Borough Council elections in May 2023.

However, no nominations had been submitted in respect of the appointment of Deputy Mayor for the Municipal Year 2023-24.

Group leaders have again been asked to submit nominations for the Deputy Mayoralty for consideration at this meeting.

Any nominations received will be reported at the meeting.

Recommendation to Council:

To nominate a councillor for the Deputy Mayoralty of the Borough for the 2023-24 Municipal Year, subject to the outcome of the Borough Council elections in May 2023.

Reason for Recommendation:

To make early preparations for the selection of the Deputy Mayor for the 2023-24 Municipal Year.

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

1 Purpose of Report

- 1.1 To ask the Council to consider nominations received for appointment of Deputy Mayor for the Municipal Year 2023-24.

2 Strategic Priorities

- 2.1 Ensuring that the process for selection of Deputy Mayor is undertaken publicly is consistent with the Council's desire to be open and accountable to its residents.

3. Background

Selection of Mayor: 2023-24

- 3.1 The constitutional changes adopted by the Council in 2014 in respect of the Mayoralty provide that the Council normally elects the Deputy Mayor appointed at the annual meeting of the Council as Mayor at the next succeeding annual meeting. The Council, at its meeting on 6 December 2022, agreed formally to nominate the current Deputy Mayor, Councillor Masuk Miah for the Mayoralty of the Borough for the 2023-24 Municipal Year, subject to the outcome of the Borough Council elections in May 2023.

Selection of Deputy Mayor: 2023-24

- 3.2 At the 6 December Council meeting, no nominations had been submitted in respect of the appointment of Deputy Mayor for the 2023-24 Municipal Year. Consideration of this matter has therefore been deferred to this meeting.
- 3.3 Group leaders were again asked to submit nominations for the Deputy Mayoralty for consideration at this meeting. Details of any nominations received will be reported at the meeting on the Order Paper.
- 3.4 If no nominations for Deputy Mayor are received, the Council is asked to agree to defer consideration of the matter to the meeting of the Council to be held on 8 February 2023.

4. Financial Implications

- 4.1 The costs associated with the selection of a Mayor and Deputy Mayor will be met from within existing budgets.

5. Legal Implications

- 5.1 The Council is required annually to elect a Mayor and appoint a Deputy Mayor in accordance with Sections 3 and 5 respectively of the Local Government Act 1972. Sections 3 (1A) and 5 (1A) of the 1972 Act also provide that members of the Executive cannot simultaneously serve as the Council's chairman or vice-chairman (the Mayor and Deputy Mayor).

6. Human Resources Implications

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

7. Background Papers

None

8. Appendices

None

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Council Report

Ward(s) affected: All

Report Joint Strategic Director (Transformation and Governance)

Author: John Armstrong

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Email: john.armstrong@guildford.gov.uk

Lead Councillor responsible: Tom Hunt

Tel: 07495 040978

Email: tom.hunt@guildford.gov.uk

Date: 8 February 2023

Review of Councillors' Allowances – Appointment of a Joint Independent Remuneration Panel

Executive Summary

The Council is required to conduct the next review of councillors' allowances in 2023 following the local elections. Under The Local Authorities (Members' Allowances) (England) Regulations 2003 ("the 2003 Regulations"), the Council must appoint an independent remuneration panel to make recommendations as to the type and level of allowances to be included in the next scheme of allowances for councillors. The Council has a duty to have regard to the panel's recommendations.

Waverley Borough Council is also committed to conduct a review of allowances for its councillors following next year's local elections.

Taking account of the current collaborative arrangements for joint working, both councils have agreed to establish a Joint Independent Remuneration Panel (JIRP) to conduct separate reviews of the allowances payable to councillors of both authorities and make separate recommendations to both councils. The panel would also act as a parish remuneration panel and would be required to produce a separate report collectively for the parish councils in Guildford borough and another report for the town and parish councils in Waverley borough.

At its meeting on 11 October, the Council approved the terms of reference of the JIRP, and the re-appointment of three persons who had served previously on the independent remuneration panels for both Guildford and Waverley. Both councils expressed a wish to appoint a JIRP comprising five members. Accordingly the Democratic Services and Elections Manager was authorised to advertise for candidates from the general public and a wide range of organisations, including the

local business community and voluntary organisations, for the appointment of up to two other members of the JIRP to serve for a period of up to four years commencing with the 2023-24 municipal year. Following the advertisement, four candidates were shortlisted for interview by a panel comprising the Leaders and Deputy Leaders of both councils. After one of the candidates withdrew, the panel interviewed the three remaining candidates and have recommended that Rodney Bates and Paul Marcus be appointed to the JIRP.

Recommendation to Council

That Rodney Bates and Paul Marcus be appointed to the Joint Independent Remuneration Panel for a period of up to four years commencing with the 2023-24 municipal year.

Reason for Recommendation:

To comply with the requirements of The Local Authorities (Members' Allowances) (England) Regulations 2003, and both councils' wish to establish a JIRP comprising of five members.

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

1. Purpose of Report

- 1.1 This report asks the Council to approve the appointment of two additional members of the Joint Independent Remuneration Panel (JIRP) to conduct the forthcoming review (later this year) of both Guildford's and Waverley's Scheme of Councillors' Allowances, together with the review of allowances paid to councillors of parish councils within this Borough and the town and parish councils within Waverley.

2. Strategic Priorities

- 2.1 The appointment and purpose of an IRP is to review and make recommendations on the scheme of allowances. This demonstrates that the Council's work is publicly accountable and presented with openness and transparency. Furthermore, the members of an IRP are required to be independent, and its recommendations must be publicised.

3. Background

- 3.1 In accordance with the 2003 Regulations, local authorities must establish an IRP to review councillors' allowances. A council cannot determine or amend a scheme of allowances until it has considered and had regard to the recommendations of its IRP.

- 3.2 Although the 2003 Regulations do not prescribe how a council should appoint IRP members, the associated Guidance advises that the appointment process should ensure the IRP is independent, qualified to discharge its functions, and representative of the diversity of the communities in the local authority's area. Candidates' knowledge of local government structures and functions is important, but a lack of familiarity with such matters should not be a bar to appointment.
- 3.3 The 2003 Regulations require that an IRP must have at least three members, but do not specify a maximum number. The Guidance advises avoiding unduly large Panels that would be unable to be an effective and publicly accountable source of clear recommendations.
- 3.4 Two or more local authorities are able, under the 2003 Regulations, to establish and maintain a joint independent remuneration panel to advise them on their respective schemes. Such a panel must make separate recommendations to the appointing authorities.
- 3.5 Taking account of the current collaborative working arrangements between Guildford and Waverley and given that both councils are committed to conducting a review of their respective schemes of allowances following the local elections in May, both councils have agreed to establish a joint independent remuneration panel (JIRP) to conduct separate reviews of allowances payable to councillors of both authorities and make separate recommendations to both councils. The joint panel would also be expected, in their capacity as a parish remuneration panel, to produce a separate report for the parish councils in Guildford borough and another report for the town and parish councils in Waverley borough.
- 3.6 Both councils have also approved the terms of reference of the JIRP, and the re-appointment of three persons who had served previously on the independent remuneration panels for both Guildford and Waverley. Both councils expressed a wish to appoint a JIRP comprising five members.
- 3.7 Accordingly, we advertised for candidates from the general public and a wide range of organisations, including the local business community and voluntary organisations, for the appointment of up to two other members of the JIRP to serve for a period of up to four years commencing with the 2023-24 municipal year.
- 3.8 Following the advertisement, four candidates were shortlisted for interview by a panel comprising the Leaders and Deputy Leaders of both councils. After one of the candidates withdrew, the panel interviewed the three remaining candidates on 12 January 2023 and have recommended that Rodney Bates and Paul Marcus be appointed to the JIRP. Copies of their respective supporting statements and CVs are attached as "Not for Publication" Appendices 1 and 2.

4. **Timetable for Joint IRP to conduct the review of allowances**

4.1 The timetable for conducting the review is set out below:

Date	Action
tbc Jun 2023	Induction training / briefing and first meeting of the Joint IRP
3 Jul 2023 – 29 Sep 2023	Joint IRP to review Scheme of Allowances and draft report and recommendations
Nov 2023	Executive to consider Joint IRP draft report and recommendations
Dec 2023	Full Council to consider IRP draft report and to adopt new scheme of allowances
1 Apr 2024	New scheme of allowances comes into effect

5. **Financial Implications**

5.1 These were set out in the report to Council on 11 October. The estimated costs associated with the appointment of the Joint IRP and the conduct of the review of allowances are set out in the table below:

	Total Cost	Cost to GBC
	£	£
Appointment of Joint IRP:		
• Advert in local newspaper (approx.)	500	250
• External induction training for Joint IRP (approx.)	900	450
• Honoraria for up to five Joint IRP members	7,500	3,750
Conduct of the Review:		
• Statutory public notices (approx.)	4,000	2,000
Total:	12,900	6,450

5.2 With the exception of the £250 in respect of the advertisement referred to above, all of the other costs (approximately £6,200) will be incurred in the 2023-24 financial year, for which budgetary provision has been made.

6. **Legal Implications**

6.1 The Council must appoint an independent remuneration panel to review its scheme of allowances, and make recommendations thereon, in accordance with the 2003 Regulations referred to above. The Council is permitted to establish and maintain a joint independent remuneration panel with Waverley to advise both councils separately on their respective schemes.

7. Human Resource Implications

- 7.1 The administrative support to the Joint panel in respect of Guildford's review of allowances will be provided from within existing staffing resources in Democratic Services.

8. Conclusion

- 8.1 The public perception of the independence of the Joint IRP and the robustness of the review process is important. It is essential for the Council to ensure that the Joint Panel remains representative and in touch with the issues and challenges faced by those making decisions.

9. Background Papers

- The report of the Independent Remuneration Panel appointed to review the allowances paid to Councillors of Guildford Borough Council, November 2019
- Report to Council 3 December 2019 (Minute No. CO86)
- Report to Council 11 October 2022 (Minute No. CO59)

10. Appendices

Appendix 1: Supporting statement and CV from Rodney Bates (Exempt)
Appendix 2: Supporting statement and CV from Paul Marcus (Exempt)

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EXECUTIVE

24 November 2022

* Councillor Julia McShane (Chairman) *
Councillor Joss Bigmore (Vice-Chairman)

* Councillor Tim Anderson
* Councillor Tom Hunt
Councillor George Potter

* Councillor John Redpath
* Councillor John Rigg
* Councillor James Steel*

*Present

Councillor Fiona White was in remote attendance.

EX51 APOLOGIES FOR ABSENCE

Apologies for absence were received from the Deputy Leader, Councillor Joss Bigmore, and Councillor George Potter, Lead Councillor for Climate Change.

EX52 LOCAL CODE OF CONDUCT - DISCLOSABLE PECUNIARY INTEREST

There were no declarations of interest.

EX53 MINUTES

The minutes of the meeting held on 27 October 2022 were confirmed as a correct record. The Chairman signed the minutes.

EX54 LEADER'S ANNOUNCEMENTS

The Leader made the following announcements:

A wonderful day was enjoyed last Sunday at the Festive Family Fun Day with its huge programme of free family fun, performances and activities. Thanks were given to everyone who joined to celebrate the start of the festive season. Everyone was directed to social media channels and the Visit Surrey web site for more festivities in Guildford up until 5 January.

Carers' Information Fair at the Hive. There was a free event for Surrey's unpaid family and friend carers this Saturday between 10am and 2pm at The Hive. The event was organised by Action for Carers in Surrey. The event would provide an opportunity for people to celebrate Carers' Rights Week. Unpaid carers registered with Action for Carers could get a 50% discount code for the honey pot café at the hive

White Ribbon Campaign for Domestic Abuse. This year's White Ribbon campaign starts on 25 November. The date is designated by the United Nations as the International Day for the Elimination of Violence Against Women. It would be followed by 16 days of activism, concluding on Human Rights Day on 10 December.

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Guildford & Waverley Business Question Time was a free networking event for the local business community. The aim of the evening was to explore immediate concerns in terms of the cost-of-living crisis, energy security, climate change, recruitment, post-Brexit trade and other national and local challenges. The event would be held from 5:00pm on Monday 12 December 2022 at Charterhouse School in Godalming and chaired by local broadcaster, Peter Gordon. The question panel of key business leaders included Strategic Director of Place, Dawn Hudd and places could be reserved via Eventbrite:

[Guildford & Waverley Business Question Time Tickets, Mon 12 Dec 2022 at 17:00 | Eventbrite](#)

Christmas Fair at the Hive on Saturday 10 December between 11am to 2pm would include Christmas stalls, Santa's grotto, chestnuts on the fire, and music from Get Plucky Ukulele Group and Rhythm of Voice Community Choir.

The annual Christmas Bereavement Service at the Crematorium would be held on Tuesday 6 December at 6.30pm. There would be carols, readings and a chance to light a candle in memory of loved one.

The government wanted the UK to be the best place for veterans to live in the world. The Veterans' Survey would gather views from the UK veteran community on how to shape future services. The Council was encouraging UK veterans and their families living in our borough to complete the online survey on the [Office of National Statistics web site](#).

The Council was considering building a trim trail in Shalford Park and would like people's feedback on the style and location. The Shalford survey would run until 8 January 2023. Search Shalford Survey on the Council's [website](#) to complete the online survey

The Farmers Market would return on Tuesday 6 December on the High Street (every first Tuesday of the month)

Finally, Guildford Children's Business Fair had taken place last Saturday. Young entrepreneurs aged 7-17, launched 40 businesses and sold to hundreds of customers. Strategic Director of Place, Dawn Hudd, joined as a judge, touring the stands, and awarding prizes for Best Product, Best Stand and Best Sales Pitch.

EX55 TO CONSIDER ANY RECOMMENDATIONS FROM THE OVERVIEW AND SCRUTINY COMMITTEE

The intention of the report was to collate and track progress of all recommendations made by the Overview and Scrutiny Committee to the Executive throughout the year, and to log the Executive decisions on the submitted matters.

The Executive noted the report and that there had been no updates since the previous meeting.

EX56 PARISH COUNCILS CONCURRENT FUNCTIONS GRANT AID APPLICATIONS FOR ASSISTANCE 2023-24

The Executive considered a report on the Council's concurrent functions grant aid scheme that provided financial assistance to parish councils. Concurrent functions

were services which both the Borough Council and the parish councils were empowered to undertake. The Lead Councillor for Resources introduced the report.

The report was produced in time for the parish councils to put together their budgets for the coming year. The Council had received 28 detailed applications from 14 of the 23 parish councils amounting to a total of £93,663. A panel of officers had evaluated the bids. Of those, 4 bids were subsequently withdrawn or rejected. The bids brought forward for approval totalled £67,305, which was £22,695 under the base budget of £90,000. The remaining budget of £22,695 was to be transferred to the Parish Council Urgent Schemes Reserves. Details were set out in the appendices to the report.

The Executive

RESOLVED:

- (1) That the concurrent functions grant budget for 2023-24 be set at £90,000, subject to final confirmation by the Council, at its budget meeting in February 2023.
- (2) That future years' budget from 2024-25 be reviewed in consultation with parish councils.
- (3) That the parish council requests for grant aid for 2023-24, as set out in Appendix 3 to the report, be approved.

Reason(s):

- To assist parish councils with expenditure on concurrent function schemes in 2023-24.
- To enable parish councils to take account of financial assistance from Guildford Borough Council when calculating their precept requirements for 2023-24.

EX57 SUPPLEMENTARY ESTIMATE FOR FUNDS IN RESPECT OF PLANNING APPEALS RELATING TO MEMBER OVERTURN DECISIONS

Appeals against planning decisions were a statutory provision within planning law. An applicant could appeal any decision or a failure to make a decision on a planning application. When an appeal was lodged, the local planning authority should be prepared to make a robust defence of its decision. Most appeals were addressed at officer level incurring a time cost, but for large scale appeals on complex applications there was a necessity to appoint additional counsel and specialist witnesses. There was currently no budget for such appointments and therefore a supplementary budget was sought.

The Executive considered a report that sought a supplementary budget for three appeals which had already been considered (Ash Manor, the Howard of Effingham and Urnfield) and a supplementary estimate to be brought forward at the time an appeal was made to secure agreement for monies to defend the appeal. The report was introduced by the Lead Councillor for Development Management.

It was noted that the funding would be drawn from the revenue budget which was a serious level of cost to the Council and that every care should be taken to ensure that planning refusals were underpinned by policy. The Chairman of the Planning Committee, Councillor Fiona White was in attendance and commented that Planning Committee members must be able to use their discretion if they understood there to be sound policy reasons for refusal.

The Executive

RESOLVED:

- (1) That the need for a supplementary estimate for the Development Management service of £535,000 to cover the payments required to defend three significant appeals relating to Member overturn decisions which were subsequently heard at either public inquiry or as a hearing, be noted.
- (2) That full Council (6 December 2022) be recommended to note the report and to approve the supplementary estimate.

Reason:

To ensure robust defence of planning appeals resulting from Member overturn decisions.

EX58 DEVELOPMENT MANAGEMENT ESTABLISHMENT REVIEW

The Executive noted that the Council had seen an unprecedented number of planning applications submitted during the past two years. This, combined with the effects of the pandemic and the loss of several key staff members, had left the organisation in a position where a significant backlog of applications had built up affecting performance and customer service.

The Executive considered a report that set out a series of mitigations to address the backlog undertaken to date and which proposed a supplementary budget to support several short-term measures to bolster performance and secure longer-term support to ensure that performance returned to pre-pandemic levels. To achieve this there was a requirement to increase the number of establishment roles within the Development Management and Customer Case and Parking services, where key validation tasks were carried out when planning applications were first received. The Lead Councillor for Development Management introduced the report.

The measures set out in the report were considered essential to address the impact on the service over the past two years to improve performance and efficiency and to establish a robust and customer focused service that met all key indicators and reduced the threat of designation.

The Executive agreed that customer service and communications with applicants needed to be improved. Consequently, the Executive

RESOLVED:

- (1) That a supplementary budget for the 2022-23 financial year for the Development Management service of £465,400 and £15,800 for the Customer Case and Parking Service to provide additional resources and support to address the back log of planning applications and ensure the delivery of a robust service, be approved.
- (2) That additional funding for the 2023-24 financial year for the Development Management service of £387,700 and £100,420 for the Customer Case and Parking Service to provide additional resources and support, be approved.

Reasons:

To ensure the return to a robust and customer focused Development Management function and to ensure that we can meet Key Performance Indicators and reduce the threat of Designation.

EX59 GUILDFORD JOINT COMMITTEE

The Executive considered a report on the future of the Guildford Joint Committee, which had been established in 2018, and had dealt with a range of GBC and SCC executive and non-executive functions.

The report noted that Surrey County Council's Cabinet had decided in February 2022 to transfer all executive highway functions (including on-street parking) from the Guildford Joint Committee, and other Joint Committees and Local Committees in Surrey, to county officers, in consultation with relevant divisional members. Those changes took effect from 1 April 2022. The County Council had also agreed at its Annual Meeting on 24 May 2022 that county councillors elected as chairmen or vice-chairmen of the Local and Joint Committees across the county should hold those offices only until 31 October 2022. On 27 September 2022, the Leader of Surrey County Council had decided to remove the remaining executive functions and advisory functions from all the Local Committees and Joint Committees in the county with effect from 11 October 2022. At the County Council meeting on 11 October 2022, formal approval was given to serve notice of the County Council's intention to withdraw from all of Joint Committees in Surrey (the notice to expire on or before 30 April 2023), and to transfer all non-executive functions relating to Public Rights of Way back to the County's own local governance arrangements.

Given the series of decisions taken by Surrey County Council, the Executive considered a report proposing the transfer the existing executive and advisory functions currently within the remit of the Joint Committee back to Guildford Borough Council. If agreed, full Council would be asked on 6 December 2022, to transfer the existing non-executive functions relating to public rights of way back to Guildford Borough Council. If the Executive and Council agreed to this action, then the Joint Committee would effectively be dissolved as of 6 December (rather than next April) as it would have no functions delegated to it.

The Lead Councillor for Resources introduced the report in the absence of the Deputy Leader of the Council.

The Executive, having considered that the decisions taken by the County Council to be regrettable,

RESOLVED:

- (1) That the transfer of all the Borough Council's executive and advisory functions from the Guildford Joint Committee's remit, as set out in the Joint Committee Constitution, be approved with immediate effect, and that those functions revert back to being delegated to the Executive.
- (2) That full Council, on 6 December 2022, be asked to approve the transfer of all the Borough Council's non-executive functions relating to public rights of way from the Guildford Joint Committee's remit, as set out in the Joint Committee Constitution, and that those functions be delegated back to the Lead Specialist – Legal.

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Reason:

To enable the Council to consider its position in light of the withdrawal of all County Council functions from the Guildford Joint Committee.

EX60 SELECTION OF MAYOR AND DEPUTY MAYOR 2023-24

At its meeting on 6 December 2022, the Council would be asked to consider nominations for the Mayoralty and Deputy Mayoralty of the Borough for the municipal year 2023-24. The Council would be requested to consider formally the nomination of the current Deputy Mayor, Councillor Masuk Miah for the Mayoralty of the Borough for 2023-24, subject to Councillor Miah's re-election to the Council on 4 May 2023.

Group leaders had been asked to submit nominations for the Deputy Mayoralty for 2023-24 by no later than 18 November 2022. No nominations had been received.

It was noted in the Supplementary Information Sheet that if no nominations had been received before the Council meeting on 6 December, the Council would be asked to agree to defer consideration of that matter to the meeting of the Council to be held on 8 February 2023.

The Executive

RESOLVED:

To recommend to Council on 6 December 2022:

That, subject to the outcome of the Borough Council elections in May 2023, the Deputy Mayor, Councillor Masuk Miah be nominated for the Mayoralty of the Borough for the 2023-24 municipal year.

Reason:

To make early preparations, subject to the outcome of the Borough Council elections in May 2023, for the selection of the Mayor and Deputy Mayor for the municipal year 2023-24.

The meeting finished at 7:35pm.

Signed

Date

Chairman

EXECUTIVE

12 December 2022

- * Councillor Julia McShane (Chairman)
- * Councillor Joss Bigmore (Vice-Chairman)

- | | |
|----------------------------|-------------------------|
| * Councillor Tim Anderson | Councillor John Redpath |
| * Councillor Tom Hunt | Councillor John Rigg |
| * Councillor George Potter | Councillor James Steel |

*Present

EX61 APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors John Redpath, John Rigg and James Steel.

EX62 LOCAL CODE OF CONDUCT - DISCLOSABLE PECUNIARY INTEREST

There were no declarations of interest.

EX63 LEADER'S ANNOUNCEMENTS

'Warm hubs' were being opened across Surrey in local community spaces which were run by Surrey County Council (SCC). The hubs were drop-in centres where residents might have a hot drink, meet others and receive supportive information and advice about energy costs. A map showing the location of the hubs across Surrey was available on the SCC website. A list of the hubs in Guildford was available on the Council's website.

[Help with finding a warm hub - Guildford Borough Council](#)

There was a cold weather warning in place across Guildford and residents were asked to be prepared and to check in on vulnerable friends and neighbours.

Residents concerned for anyone sleeping 'rough' or outdoors could contact the Council's support team on 01483 302495.

Over the Christmas period there would be changes to bin collections and no garden waste collection for two weeks between 26 December and 6 January. A full list of the bin collection schedule was available on the Council's website.

[Changes to bin collection days over Christmas and New Year - Guildford Borough Council](#)

Events at Guildford Museum included 'A History of Guildford Football and the Beautiful Game' as well as the 'Twelve Days of Christmas Trail' which was suitable for children aged four and above. Entry to the museum and the Trail was free. The museum was open Wednesday – Saturday 12 Noon to 4:30pm (last entry 4:00pm).

EX64 GUILDFORD PARK ROAD REDEVELOPMENT - ACTION TO SECURE ELECTRICAL CONNECTIONS AND CAPACITY FOR THE NEW DEVELOPMENT

The Council had been working with the appointed professional team to develop a new planning application for the Guildford Park site to deliver a residential scheme of circa 240 new homes. This work had progressed to RIBA stage 3 and the planning application would be submitted soon.

It had been established that there were electrical distribution network capacity issues in Guildford that could have significant consequences for the cost and deliverability of the redevelopment scheme in the future. The Council had the opportunity to act now to secure capacity for its development through early funding of the future electrical connections required for the scheme. The cost was £360,000 based upon the quotation received from UK Power Networks (UKPN). This cost had been budgeted for but was not expected to be incurred at this early stage of the project. Officers had no existing delegation to authorise payment in respect of this cost at this stage.

Given the urgency of the decision which, in compliance with the UKPN contractual arrangement, was to be taken no later than 15 December 2022 the special meeting of the Executive had been convened.

The Leader of the Council introduced the report and thanked the Chairman of the Overview and Scrutiny Committee for waiving the call-in procedure and the requirement to wait the 28-day period for a key decision.

It was explained that since the agenda had been published, legal advice had been received which considered that instructing UKPN to undertake all works, including those that were contestable, would not comply with procurement regulations unless an appropriate exemption was sought. Contestable works were the elements of the connections work which could be undertaken by others.

For the purposes of securing the capacity it was acceptable to instruct UKPN to undertake non-contestable works only. This work had been costed at £70,106.89. Non-contestable works were the elements of the connections work which must be completed by UKPN.

There was scope to instruct UKPN to undertake the contestable works at a later stage if it could be determined that this would provide best value for the project and an appropriate procurement exemption was sought. This information was set out in the Supplementary Information Sheet circulated at the meeting.

The UKPN quotation for the contestable works set out terms and conditions regarding timescales for take up but these were negotiable given the Council had entered into the agreement. If, in future, either the Council as developer or another party as developer required negotiations for contestable works this could be agreed alongside the non-contestable works.

UKPN would reimburse the Council should the work to develop the site not proceed, but the level of reimbursement would be subject to deductions dependent upon how much advance preparatory work had been undertaken by UKPN. Consequently, the Executive,

RESOLVED:

- (1) To authorise immediate payment of £70,106.89 to UK Power Networks (UKPN) to establish the capacity for, and cost of, the electrical connections that will be required for the Guildford Park Road Redevelopment scheme.
- (2) To authorise the Strategic Director: Place, in consultation with the Lead Councillor for Resources, to enter into such agreements as are necessary with UKPN.
- (3) To agree that funding for this payment be brought forward into this financial year from the approved HRA capital programme budget for 2023/24 in respect of this project.
- (4) To agree that the call-in provisions of Overview and Scrutiny Procedure Rule 16 (h) should not apply in respect of the decision in respect of this matter due to its urgency.

Reasons:

Officers consider that authorising this payment now will be of significant benefit to this project in the future. Making the payment will secure electrical capacity for the scheme and shield it from unquantified but potentially significant cost, programme and deliverability risk.

The meeting finished at 7.13 pm

Signed

Chairman

Date

EXECUTIVE

5 January 2023

* Councillor Julia McShane (Chairman) *
Councillor Joss Bigmore (Vice-Chairman)

* Councillor Tim Anderson *
* Councillor Tom Hunt *
Councillor George Potter

* Councillor John Redpath *
* Councillor John Rigg *
* Councillor James Steel *

*Present

Councillor Fiona White was also in remote attendance.

EX65 APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors Joss Bigmore and George Potter.

EX66 LOCAL CODE OF CONDUCT - DISCLOSABLE PECUNIARY INTEREST

There were no declarations of interest.

EX67 MINUTES

The minutes of the meetings held on 24 November 2022 and 12 December 2022 were confirmed as a correct record. The Chairman signed the minutes.

EX68 LEADER'S ANNOUNCEMENTS

The Leader of the Council had nothing further to add to those announcements made at the extraordinary meeting of the Council on Tuesday 3 January 2023.

EX69 TO CONSIDER ANY RECOMMENDATIONS FROM THE OVERVIEW AND SCRUTINY COMMITTEE

The intention of the report was to collate and track progress of all recommendations made by the Overview and Scrutiny Committee to the Executive throughout the year, and to log the Executive decisions on the submitted matters.

The Executive noted the report and that there had been no updates since the previous meeting.

EX70 INFRASTRUCTURE FUNDING STATEMENT 2021-22

The Infrastructure Funding Statement (IFS) was a factual report which summarised the amount of developer contributions that had been secured, received and spent in the reported year. Regulation 121A of The Community Infrastructure Levy Regulations 2010, as amended, required any authority receiving contributions through the Community Infrastructure Levy (CIL) and / or through planning obligations to produce

an annual Infrastructure Funding Statement to be provided to the Department for Levelling Up, Housing and Communities and to be posted on the Council's website.

The Executive would have preferred to see such funding utilised in a timelier manner, but ultimately many aspects in that regard was beyond its control.

The Executive,

RESOLVED:

1. That the Infrastructure Funding Statement 2021-22 be approved.
2. That authority to approve future Infrastructure Funding Statements be delegated to the Joint Executive Head of Planning Development.

Reason:

To ensure that the Council complies with the CIL Regulations to produce and publish an annual Infrastructure Funding Statement.

EX71 SEND HILL DISUSED SANDPIT - SUPPLEMENTARY ESTIMATE - STAGE 2 (INVASIVE) CONTAMINATION SURVEY

The land west of Winds Ridge, Send Hill, known as Send Hill Disused Sandpit, was a former landfill site. The asset had been transferred to the Council in the 1980s and was currently used as amenity land for the purposes of public recreation. It was allocated in the Local Plan as a site for housing development. If the site were to be developed, it was anticipated that a significant amount of remediation work may need to be undertaken. To inform the Executive's decision on whether to dispose of the asset it was proposed that a supplementary estimate of £25,000 be approved to pay for a Stage 2 (invasive) contamination survey.

With the knowledge gained from the results of the survey, the Council could obtain a more informed residual land valuation with which to advertise the sale of land on the open market and thereby obtain best consideration with risks and opportunities being made explicit. The risks and potential gains from both options were set out in the report.

The Executive considered there was a duty of care upon the Council to fully understand the nature of the deposits on the site. In addition, the estimate for the work acquired through the tendering process was competitive.

Consequently, the Executive,

RESOLVED:

That a supplementary estimate of £25,000 be approved from the Budget Pressures Reserve, for the purpose of commissioning a Stage 2 (invasive) contamination land survey at the Send Hill Disused Sandpit.

Reasons:

1. To inform a more accurate valuation of the land and generate a more detailed picture of the types of waste present.
2. The land may be heavily contaminated and does not support service delivery.

EX72 WEYSIDE URBAN VILLAGE FINANCIAL REVIEW

Weyside Urban Village was a major 41-hectare brownfield regeneration scheme that the Council anticipated would bring significant benefits to Guildford including approximately 1,500 homes across including 600 affordable homes, 2,000 square metres of community space and 6,500 square metres of employment space.

During the last three years the Council had committed significant funding to progress the site assembly and infrastructure construction to enable the development of the WUV site. It was intended that the funding would be fully recovered from the sale of ten land plots to housing developers and secured grant funding from Homes England and Enterprise M3 LEP. Over 44% of the site was currently in Council ownership, and 100% would be achieved on completion of land transfers with Thames Water Utilities Ltd. The Council had additionally secured £52.3m in grant funding from Homes England and signed a Grant Determination Agreement with Homes England to draw down the grant expenditure associated with the implementation of the infrastructure works, which was in progress. In October 2021, the Planning Committee issued a Resolution to Grant for the hybrid planning application for Weyside, with the decision notice to approve the application issued in March 2022.

It was agreed with the Executive that the project team would report the financial position to the Executive on an annual basis. The Executive considered a report that set out the financial forecast to the end of the programme, as well as proposed mitigation to address the potential financial deficit that has arisen because of macro-level factors.

The Executive heard that the broader economic landscape and its impact on the construction industry over the past 12 – 18 months had been profound. At the end of 2021, the Building Cost Information Service (BCIS) – which provided cost and price data for the UK construction industry - reported that the annual growth in its material cost index had reached a forty year high. Since then, pressures on supply chains had persisted and labour shortages had become more acute. Although the lifting of Covid restrictions had led to a return to high activity levels, the war in Ukraine and high rates of inflation had put the construction industry in further turmoil. The impact of these issues was being felt at a local level, with forecast construction and financing costs also increasing significantly.

The Executive noted that the report was thorough and transparent and that such detailed reporting would support sound decision making now and in the future. Officers should continue to provide a range of mitigating options for the Council going forward. The Lead Councillor for Regeneration confirmed that all councillors, not only Executive members, would be kept informed as the situation evolved. Consequently, the Executive,

RESOLVED:

- (1) To note the current forecasted eventual deficit in 2033 (year 10 of the project delivery programme), as set out in exempt Appendix 1 to the report submitted to the Executive, and resulting General Fund revenue implications, noting that this is based on a number of variables outlined within Section 4 of the report (Financial Implications).
- (2) To recommend that Full Council (at its extraordinary meeting on 16 January 2023) approves the continuation of the project until officers have completed the required due diligence described in recommendations (3) and (4) below and report back to Full Council in July 2023.
- (3) To request officers to provide alternative risk assessed option appraisals other than to proceed with the original Full Council approved scheme, including all possible mitigations and alterations to the current funding and specifications, indicating by use of a range of values where specific data is not available, and a full explanation of assumptions with reasons, sufficient to enable Members to make a fully informed decision on how it wishes to proceed at Full Council in July 2023.
- (4) To request officers to update the project with the latest assumptions, indices and valuations and report back to the July 2023 Full Council.
- (5) To approve the transfer of £72.062m from the provisional capital programme to the approved capital programme for payments which the Council is obliged to make to TWUL under the TW Agreement for 2022/23 and 2023/24, for costs necessary to meet the milestones set within the Homes England HIF agreement and design cost necessary to prepare the planning application for the SCC Waste Transfer Centre and construction of the New Council Depot.
- (6) To delegate to the Strategic Director of Place, in consultation with the Lead Councillor for Regeneration, and Lead Councillor for Finance and Planning Policy, authority to enter into such other contracts and legal agreements connected with the WUV as may be necessary in compliance with Procurement Procedure Rules and within the approved budget.

Reasons:

The projected deficit, and significantly wide variation and uncertainty of the outcome of this project, renders the project as no longer compliant with the Full Council approval to break even at zero cost to the Council, i.e. the project has greater or equal value to the receipts received. At this point Officers do not have Full Council authority to incur any further expenditure until councillors have considered their full options and implications. However, temporarily stopping expenditure is not realistic due to contractual commitments.

The recommendations would:

- Ensure that there is sufficient understanding of the projected financial forecast of the programme.
- Ensure that there is sufficient funding in the approved programme to cover the phase 1 & 2 infrastructure costs, SCC Waste Transfer Centre design cost,

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construction of the new Council Depot and the payments which the Council is obliged to make to TWUL under the Thames Water Agreement for 2022/23 and 2023/24.

- Ensure that statutory service agreements and construction agreements can be entered into for the delivery of services and infrastructure for the development and to ensure that Homes England Housing Infrastructure Fund (HIF) milestones are achieved.
- Support the delivery of the Council's Corporate Plan (2021-2025) priorities, by supporting high quality development of a strategic site, creating employment opportunities through regeneration and facilitating housing that people can afford.

The meeting finished at 7.24 pm

Signed

Date

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Chairman