

10 JANUARY 2019

JOINT EXECUTIVE ADVISORY BOARD

10 January 2019

- * Councillor Adrian Chandler (Chairman)
- * Councillor Nils Christiansen (Vice-Chairman)

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| * Councillor Alexandra Chesterfield | * Councillor Julia McShane |
| * Councillor Colin Cross | Councillor Bob McShee |
| Councillor David Elms | * Councillor Dennis Paul |
| * Councillor Andrew Gomm | Councillor Tony Phillips |
| Councillor Angela Goodwin | * Councillor Mike Piper |
| Councillor Murray Grubb Jnr | * Councillor David Quelch |
| * Councillor Angela Gunning | * Councillor Caroline Reeves |
| Councillor Christian Holliday | * Councillor Tony Rooth |
| * Councillor Mike Hurdle | * Councillor Matthew Sarti |
| * Councillor Jennifer Jordan | * Councillor Pauline Searle |
| * Councillor Nigel Kearse | * Councillor Jenny Wicks |
| * Councillor Sheila Kirkland | |

* Present

18 ELECTION OF CHAIRMAN

The Joint Executive Advisory Board (EAB)

RESOLVED

that Councillor Adrian Chandler be elected as Chairman for the meeting.

19 APOLOGIES FOR ABSENCE AND NOTIFICATION OF SUBSTITUTE MEMBERS

Apologies for absence were received from Councillors David Elms, Angela Goodwin, Christian Holliday, Bob McShee and Tony Phillips. In accordance with Council Procedure Rule 23(i), Councillors Caroline Reeves and Colin Cross were present as substitutes for Councillors Angela Goodwin and Bob McShee, respectively.

20 LOCAL CODE OF CONDUCT AND DECLARATION OF DISCLOSABLE PECUNIARY INTERESTS

There were no declarations of disclosable pecuniary interests or non-pecuniary interests.

21 MINUTES

The minutes of the meeting of the Joint EAB held on 21 November 2018 were confirmed as a correct record, and signed by the Chairman.

22 ANNOUNCEMENTS

There were no further announcements.

23 HOUSING REVENUE ACCOUNT 2019-20

The Director of Community Services presented a report outlining the proposed Housing Revenue Account (HRA) budget for 2019-20 which covered all expenditure and income relating to the Council's housing stock. The budget estimates were predicated on the assumptions, ambitions and priorities contained in the HRA Business Plan 2019-2049 which was appended to the report.

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The report set out progress with the new build programme, together with the proposed investment programme in tenants' homes. The Business Plan attached a lower priority to the repayment of debt principal inherited as part of the self-financing HRA settlement.

Since the previous HRA budget report, there had been three key Government announcements that improved the Council's ability to deliver its ambitions to increase and improve social housing in the Borough, namely, the removal of the HRA borrowing restriction, reverting to an index-linked rent setting policy from 1 April 2020 and not implementing the enforced sale of higher value council houses.

The prevailing social rent policy set out in the Welfare Reform and Work Act 2016 required social housing providers in England to reduce social rents by 1% per annum for the four years from 1 April 2016. Rents for 2019-20 would therefore be reduced by 1%. A 3.4% increase in rents for the Council's 1,700 garages was proposed from April 2019, based on the Consumer Price Index (CPI) plus 1%. A consultation would take place in respect of the level of rent to be charged for new developments which would be decided on a case by case basis. Fees and charges were closely linked to utility charges and a charge for alarms would be introduced as Surrey County Council had withdrawn the related subsidy it had previously provided.

There was a capital investment programme of £5 million to maintain the stock in a good modern condition. Air source heat pumps were being introduced as they were economical to operate. Work to repair subsidence damage resulting from the hot summer weather in 2018 was in the region of £400,000 and £600,000 was being expended on disabled facilities.

The new build programme was ambitious and the Council was free to borrow to fund it following the lifting of the previous Government restriction. £10 million was budgeted for new land and property acquisition and progressing schemes. Including a residential element in the Guildford Park multi-storey car park redevelopment was proposed.

The following points arose from questions and discussion:

- The EAB was pleased to note the lifting of the borrowing cap, the cessation of the rent setting policy and the non-implementation of the enforced sale of higher value council houses priced over £200,000 which affected the majority of the Council's stock.
- Housing officers and the Lead Councillor for Housing and Development Management were congratulated on their successful management of the Council's housing stock.
- Lobbying of the Government to resist the Right to Buy initiative should continue as approximately 25 homes were sold each year at a discount and needed to be replaced.
- New build properties should be let at social rent levels and not at the higher 'affordable rents'.
- The operating surplus figure for 2019-20 in paragraph 7.4 of the report should be £10.469 million.
- To date approximately 50 people had been transferred to the Universal Credit scheme.
- The Council was acquiring analytical software to monitor payment patterns and focus on tenants experiencing difficulties paying their rent. A rent payment telephone application was available.
- The General Fund included provision to house homeless people.
- The Local Plan would inform where the Council and social landlords could provide housing.

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- Residents were reassured that the energy efficient composite cladding panels used on Council homes was safe and used on low rise buildings only.
- It was thought that there was a mixed use of Council garages for storage and housing cars. Opportunities to redevelop under used garages to provide homes were identified.
- Where the cleaning of communal areas by tenants was unsatisfactory, the Council would arrange cleaning and recoup the costs from tenants through a service charge.

The recommendations to the Executive and Council, which were consistent with the objectives outlined in the HRA Business Plan, were endorsed.

24 CAPITAL AND INVESTMENT STRATEGY 2019-20 TO 2023-24

The EAB considered a report detailing the Council's Capital and Investment Strategy, including the Capital Programme new bids plus the requirements of the Prudential Code and the Investment Strategy covering Treasury Management investments, commercial investments plus the requirements of the Treasury Management Code and the Ministry of Housing, Communities and Local Government (MHCLG) Statutory Guidance. The related presentation of the Financial Services Manager provided an introduction and covered capital, treasury management and other items. The introduction addressed the new requirement for a capital strategy, non-financial investments and asset management, the Investment Strategy, the Borrowing Strategy, new Minimum Revenue Policy (MRP) requirements with effect from 1 April 2019 and both local and MHCLG Indicators. The Local Plan and the Economic, Housing and Town Centre Regeneration Strategies fed into the Corporate Plan which informed service strategies and service and project delivery plans and led to bids for funding and detailed budgets in accordance with the Capital and Investment Strategy and medium term financial plan.

In terms of capital, the net cost of the new General Fund bids, which were detailed in the report, was £6.4 million. All bids had been considered by the Corporate Management Team (CMT) and the Joint EAB Budget Task Group and new bids would increase the General Fund underlying need to borrow to £339 million. The net cost of bids relating to the Housing Revenue Account (HRA) was £28.3 million. It was anticipated that the Council would run down its investments and externally borrow £6 million in 2019-20. The capital programme was split between essential and investment schemes and setting a limit on essential schemes was suggested. There was an addition to the Strategy in relation to a policy reflecting new flexible use of capital receipts to offset some of the revenue implementation costs of transformation projects, this was included to give the Council flexibility in the funding for the Future Guildford transformation project. The key impact of the capital programme on the revenue account was the borrowing and interest costs. The MRP was estimated to be £0.966 million in 2019-20, £2.127 million in 2020-21 and £3.158 million in 2021-22. The process involved officers submitting bids in September which were reviewed by CMT in October before being reported to the Joint EAB Budget Task Group in November and to this EAB and the Executive in January for agreement by Council in February. Officers then implemented the approved programme whilst business cases were prepared in respect of the provisional programme.

With regard to treasury management, interest paid was estimated to be £5.755 million, £5.1 million of which related to the HRA. Investment income was estimated to be £1.5 million with a 3% weighted average investment rate.

The following points arose from questions and discussion:

- The General Fund Budget report provided indicators of the Council's financial health which was in a strong well managed position with plenty of housing reserves in the

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HRA and earmarked reserves in the General Fund. As capital reserves were more limited it was necessary to borrow to fund the capital programme using investment income from capital assets to repay the loan interest. The Council's gearing ratio of debts compared to assets was reasonable. However, owing to a reduction of 50% in Government funding, equating to approximately £4 million, it was necessary for the Council to identify savings and efficiencies. Although the Government grant received in the past had now ceased, the Council was able to retain some of the Business Rates collected in the Borough. It was anticipated that the Government would move towards funding statutory services only in the future leading to district councils' funding being frozen or reduced further. Ministers had been lobbied in this regard.

- The capital bids in respect of High Street protection and regularising car parking and reduction of encroachments at Shalford Common were not fully supported and the need for them was questioned. In the case of High Street protection, it was felt that too many precautions led to people feeling unsafe. This bid had arisen from a recommendation resulting from reviews by Surrey Police and the Safer Guildford Partnership in response to concerns raised.
- There was no bid in respect of the student housing project as this had been abandoned.
- Many bids were at an early stage and would return to the EAB for further consideration once the details had been developed in time.

25 EXCLUSION OF THE PUBLIC

The Joint EAB

RESOLVED

That under Section 100A(4) of the Local Government Act 1972 (as amended), the public be excluded from the meeting for consideration of the following item of business on the grounds that it involves the likely disclosure of exempt information, as defined in paragraph 3 of Part 1 of Schedule 12A to the Act.

26 GENERAL FUND CAPITAL PROGRAMME BIDS 2019-20

Following the exclusion of the public, the Joint EAB considered and expressed their support for the two confidential bids.

Having considered the Capital and Investment Strategy, the Joint EAB was invited to comment on the recommendations, which were contained in the report, to the Executive at its meeting on 22 January 2019 and to full Council at the budget meeting on 26 February 2019. Councillors indicated their support for the Strategy and commended the recommendations to the Executive and Council to enable the Strategy and the funding required for the new capital investment proposals to be approved.

The meeting finished at 8:40 pm

Signed
Chairman

Date