South Bucks
District Council

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DEMOCRATIC AND ELECTORAL SERVICES

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Date:	19 September 2012	Direct Line:	01895 837225/837227

Dear Councillor

RESOURCES POLICY ADVISORY GROUP

The next meeting of the Resources Policy Advisory Group will be held as follows:

DATE: **THURSDAY, 27TH SEPTEMBER, 2012**

TIME: **6.00 PM**

VENUE: **ROOM 5, CAPSWOOD, OXFORD ROAD, DENHAM**

Yours faithfully

Jim Burness

Director of Resources

To: The Resources Policy Advisory Group

Mr D Smith
Mr Anthony
Mr Chhokar
Mr Hardy
Mr Harding
Mr Hollis
Mr Jones
Mr Kelly

Declarations of Interest

Any Member attending the meeting is reminded of the requirement to declare if he/she has a personal interest in any item of business, as defined in the Code of Conduct. If that interest is a prejudicial interest as defined in the Code the Member should also withdraw from the meeting.

A G E N D A

(Pages)

1. **Apologies for Absence**

2. **Minutes**

   To receive the minutes of a meeting of the Policy Advisory Group held on 14 June 2012. **(1 - 2)**

   B. REPORTS FOR INFORMATION / DISCUSSION

3. **Debt Recovery**

   To consider report of the Director of Resources. **(3 - 6)**

4. **Investment Performance - Quarter Ending June 2012.doc**

   To consider report of the Director of Resources. **(7 - 12)**

   Appendix A **(13 - 22)**
   Appendix B **(23 - 24)**
   Appendix C **(25 - 28)**

5. **Boundary Wall at Boundary Road, Taplow**

   To consider report of the Director of Services. **(29 - 30)**

   Appendix **(31 - 34)**

6. **Any other business**

   To consider any other business the Chairman decides is urgent.

7. **Exempt Information**

   To note the following items contains exempt information, which is not for Publication to the press or public:

8. **Minutes**

   (Schedule 12A part 1 para (3) - because of information relating to the financial or business affairs of any particular person) **(35 - 36)**

   To receive the Part II minutes of the Resources Policy Advisory Group held on 14 June 2012.

A. REPORTS LIKELY TO LEAD TO PORTFOLIO HOLDER DECISION / RECOMMENDATION

9. **Land in Beaconsfield**

(Schedule 12A part 1 para (3) - because of information relating to the financial or business affairs of any particular person) **(37 - 40)**

To consider report of the Director of Services.

Appendix A **(41 - 42)**
Appendix B **(43 - 50)**

The next meeting of the PAG is due to take place on Thursday, 13 December 2012

RESOURCES POLICY ADVISORY GROUP

Meeting - 14 June 2012

Present:
Mr D Smith and Mr Anthony

Apologies for absence: Mr Chhokar, Mr Hardy, Mr Harding, Mr Hollis and Mr Jones

58. **MINUTES**

The minutes of the meeting of the Policy Advisory Group (PAG) held on 5 March 2012 were received.

In connection with minute 51 – Land West of Denham Road, Iver Heath – the Portfolio Holder referred to a letter he had received from the Clerk of Iver Parish Council challenging the comments that had been made at the meeting and said he was pleased to note that the Parish Council was in fact maintaining the land in accordance with the wishes of the District Council.

59. **DROPMORE ROAD DEPOT WASTE SERVICES**

Chiltern District Council and Wycombe District Council are working together to procure a new waste contract and although the details and implications of the new contract for SBDC would not be known until September there was a possibility that Biffa Municipal Ltd, who provided a number of waste, recycling and street cleansing services on behalf of the Council, would be requested to vacate Chiltern's Depot at London Road East, Amersham.

The PAG considered a report setting out a proposal to respond to this possibility and ensure continuity of services by redeveloping the Council's depot at Dropmore Road to accommodate Biffa and the services they provide.

In connection with the key milestones, the PAG was particularly asked to note that, although abortive costs would have been incurred, the project could be brought to a halt at anytime should it become apparent that Biffa's vacation of the London Road East Depot was no longer a possibility and that redevelopment of the Depot was no longer necessary.

The PAG also noted that the revenue effect of the proposal was in the sum of £48,000 and not £68,000 as stated in paragraph 6.1.

Having considered the details, including the revenue and capital costs (set out separately in a Part II report) and risks, the Portfolio Holder supported the proposal and accordingly **AGREED** to **RECOMMEND** to Cabinet and Council that

1. provision be made in the Capital Programme in the sum identified in the Part II report to redevelop Drop more Depot
2. provision also be made in the Revenue Budget in the sum of £48,000 for the project.
3. authority be delegated to the Resources Portfolio Holder, in consultation with the Director of Services, to decide in October 2012 whether to award a contract to commence the works to the Dropmore Depot.
4 in due course the Dropmore Depot be leased to Biffa and their contract be varied to reflect its rent free occupation and their responsibility for maintaining the weighbridge, the contract budget to be altered accordingly.
5 the decision of the Director of Services to use his powers of urgency to waive Contract Procedure Rules requiring 3 quotes and appointing Biffa's preferred Engineers on a consultancy basis at a cost of £45,000 capital be noted.

60. **TREASURY MANAGEMENT - ANNUAL REPORT**

The Council's Treasury Management function is a key element to the Financial Strategy which in turns feeds into the use of Resources, one of the Council's Management Principles, and the PAG considered a report setting out the Treasury Management performance of the Council for 2011/12.

The report, after providing a reminder of the new matrix for in house investments as approved by members as part of the Treasury Management Strategy 2012/13, set out:

- A summary of movements in the year
- A summary of the Council's holdings of callable and fixed deposits as at 31 March 2012
- Investments in the first quarter of 2012/13

Appendix A1 set out the results of an exercise carried out by Sector to provide details of current corporate bonds that met the Council's credit rating of AA- with duration of 18 months.

Appendix A2 set out the results of an exercise carried out by Sector to provide details of current corporate bonds with a credit rating of A with duration of up to 2 years whilst Appendix B gave a more detailed assessment of the economic background also provided by Sector

In respect of return on investment income for which a target of £900,000 had been set for 2011/12 the PAG noted there had been an under -achievement of £26k for the reasons set out in paragraph 7.1 of the report.

During the presentation the PAG was asked to note that the Credit Rating in respect of Cater Allen as set out in the table in paragraph 4.7 had been downgraded by Fitch to an A.

Referring to paragraph 4.9 of the report and the proposal to reduce further the credit criteria in respect of UK or Supranational institutions to an A thus adding a few investment opportunities the Portfolio Holder felt that this needed to be the subject of further discussion.

RESOLVED that the report be noted.

61. **EXEMPT INFORMATION**

Members noted that the following items contained exempt information which was not available to the press and public.

Part I Minutes of the Policy Advisory Group held on 5 March 2012

(Schedule 12A part 1 (paras 1, 2 and 3) - because of information relating to any individual/information which is likely to reveal the identity of any individual/information relating to the financial or business affairs of any particular individual)

1-6, Stoke Park

(Schedule 12A part 1 (paras 1 and 3) - because of information relating to any individual/information relating to the financial or business affairs of any particular individual)

Dropmore Road Depot

(Schedule 12A part 1 (paras 3 and 4) - because of information relating to the financial or business affairs of any particular individual/information relating to any consultations or negotiation)

Land Adjacent to No's 2 Poyle Lane and 32E Grenville Close, Burnham

(Schedule 12A part 1 (paras 1 and 3) - because of information relating to any individual/information relating to the financial or business affairs of any particular individual)

The meeting terminated at 7.00 pm

Agenda Item No: …..

SUBJECT:	**Debt Recovery**	
REPORT OF:	**Officer Management Team -** **Prepared by -**	**Director of Resources** **Head of Finance**

1. Purpose of Report

1.1. To provide Members with information on the Council's income collection performance in 2011/12 and debt position as at 31 March 2012.

2. Links to Council Policies & Plans

2.1. The collection of debt is an essential part of providing Value for Money, which is one of the Council's six key drivers.

3. Background

3.1. At the Resources PAG on 5 February 2008 Members, as part of reviewing the Bad Debt Write Off Policy, requested that:

'at the end of each financial year a report on the debts position be made to this PAG for information'.

4. Income Collection 2011/12

4.1. The following table provides details of the income collected from taxpayers / customers in 2011/12 and compares this to the collection targets set. It only includes details of income that is collected after the issuing of a bill. Income collected at the point of sale (eg car park fees, planning application fees, golf course fees) is excluded as by definition this is always collected.

Debt Category	Total Amount Due £'000	Collection Target £'000	Actual Amount Collected £'000	Collection Target %	Actual Amount Collected %	*Actual Amount Collected 2009/10 %*
Council Tax						
- 2011/12 Council Tax (BV9)	45,361	44,590	44,341	98.3%	97.8%	98.6%
- Prior year arrears (2)	2,326	814	526	35.0%	22.6%	32.8%
NNDR (1)						
- 2011/12 NNDR (BV10)	28,780	28,435	28,187	98.8%	97.9%	98.8%
- Prior year arrears (2)	1,076	377	164	35.0%	15.0%	54.1%
Housing Benefit Overpayments						
- All years (3)	1,553	N/A	308	N/A	19.8%	N/A
Sundry Debtors						
- Raised in 2011/12	2,356	2,003	2,107	85%	89%	85%
- Prior year arrears (2)	335	285	311	85%	93%	92%
Excess Charge Tickets						
- Raised in 2011/12	116	99	101	85%	87%	91%
- Prior year arrears (2)	16	6	12	40%	75%	64%

(1) Although SBDC collects NNDR debt all amounts collected are currently paid over to the National Pool.
(2) The target for prior year arrears is based on the net reduction in outstanding debt.
(3) In previous years HB OP collection performance was based on BV79b(i). However this PI has now been abolished.

4.2. As part of the plan to minimise the risks associated with the transition of the revenues service from Capita to Northgate, some recovery action was deferred for Council Tax and NNDR during the months of November and December 2011 with court dates being reset for January 2012. Whilst overall collection rates should remain on a par with previous years, the 'in year' collection rates showed a slight fall due to the delay.

4.3. Capita / Northgate collect Council Tax, NNDR and Housing Benefit Overpayment debt on behalf of SBDC. The collection targets for Council Tax and NNDR are set to maintain top quartile performance and sustain previous year's collection rates. Performance is monitored monthly as part of reviewing the formal monthly contract monitoring report and any slippage is challenged as part of the monthly contract monitoring meetings.

4.4. Sundry debtor collection performance is monitored on a monthly basis by the Head of Finance.

4.5. Excess charge collection performance is monitored on a monthly basis by the Facilities & Property Manager.

5. Outstanding Debt Position

5.1. The following tables provides a summary of the main outstanding taxpayer / customer debts at the start and the end of the 2011/12 financial year.

As at 31 March 2012	Older Debt £'000	03/04 £'000	04/05 £'000	05/06 £'000	06/07 £'000	07/08 £'000	08/09 £'000	09/10 £'000	10/11 £'000	11/12 £'000	Total £'000
Council Tax	51	47	55	88	160	225	304	365	505	1,199	2,999
NNDR	84	41	37	46	66	66	175	148	249	793	1,705
Housing Benefit Overpayments	193 (Due to system change do not have analysis by year prior to 07/08)					96	73	122	263	376	1,123
Sundry Debtors	4	-	-	2	6	-	6	2	4	249	273
Excess Charge Tickets	-	-	-	-	-	-	-	-	4	15	19

As at 31 March 2011	Older Debt £'000	03/04 £'000	04/05 £'000	05/06 £'000	06/07 £'000	07/08 £'000	08/09 £'000	09/10 £'000	10/11 £'000		Total £'000
Council Tax	61	59	66	108	204	267	407	490	664		2,326
NNDR	84	41	37	49	67	69	176	210	343		1,076
Housing Benefit Overpayments	317 (Due to system change do not have analysis by year prior to 07/08)					123	95	143	369		1,047
Sundry Debtors	4	-	-	2	7	-	8	4	310		335
Excess Charge Tickets	-	-	-	-	-	-	-	5	11		16

5.2. As can be seen the outstanding debt level has increased in some year which is not unexpected given the current economic climate.

6. Bad Debt Write Offs

6.1. The write off of any debt represents the loss of potential income to the Council. However there are always cases where all recovery options have been pursued and / or there is no realistic hope of recovery and thus the only remaining course of action is to write these debts off.

6.2. Each year in line with good practice the Authority set aside funds to cover the write off of debts by establishing a provision for bad debt and write offs are funded from this provision.

6.3. The following table provides a summary of the debts that were written off in 2011/12.

Debt Category	Number of Cases	Amount £'000
Council Tax		
- Under £500	35	5
- Under £2,500	46	73
- PAG approved over £2,500 (5 Mar 12)	21	85
	102	163
NNDR		
- Small balances less than £5	48	-
- Companies dissolved	2	10
- Adjustment to prior year write off	1	-1
		9
Housing Benefit Overpayments		
- Approved by Officers	316	112
– Non recoverable	66	19
	382	131
Sundry Debtors		
- Rent Deposit Debts - Approved by Officers	5	6
- Homelessness B&B Cases – Approved by Officer	18	1
- Bankruptcy write off (note 1)	1	8
- Other Debts - Approved by Officers	2	-
	26	15
Excess Charge Tickets		
- Approved by Officers	109	9
Total		326

Nb: Officers have the authority to write off debt of up to £2,500 under the Bad Debt Write Off policy.

Note 1: A payment of £7,656 was due from a contractor. However the company was bankrupt and thus the debt was unable to be recovered.

7. Cost of Debt Recovery

7.1. The longer that taxpayers / customers take to pay debts the less likely that recovery action will be successful. SBDC therefore aims to ensure that firm recovery action is always taken swiftly. Furthermore each day SDBC loses approximately £3 in interest for every £100,000 of debt that is overdue (1% interest rate).

7.2. The recovery of Council Tax, NNDR and Housing Benefit Overpayments is the responsibility of our Revenues and Benefits contractor (Northgate). The cost of recovery action has therefore been outsourced and it is for Northgate to ensure that it adopts an effective and cost efficient processes to recover debt in line with the Council's debt recovery strategy. A key part of the recovery strategy adopted is to ensure that outstanding debt is chased swiftly and the recovery timetables agreed with Northgate ensure that action is taken as quickly as is permitted by the Council Tax (Administration and Enforcement) Regulations 1992. In addition Council Tax payers are encouraged to pay by Direct Debit which is the most certain method of collection – currently approximately 82.2% (prior year 78.5%) of taxpayer pay by direct debit.

7.3. With regard to Sundry Debt, SBDC actively attempts to collect all debt over £50 as it helps ensure that a non-payment culture does not develop. In 2011/12 SBDC spent £55 on tracing fees (note we only get charged for positive traces) and £991 on debt collectors fees relating to sundry debt recovery.

7.4. With regard to excess charge debt, in 2011/12 SBDC pursued 40 cases via the magistrates court, 38 of which resulted in a successful prosecution.

8. Recommendation

8.1. The Resources PAG is requested to note the Council's income collection performance in 2011/12 and debt position as at 31 March 2012.

Officer Contact:	**Rodney Fincham - Ext 7268 email:** rodney.fincham@southbucks.gov.uk
Background Papers:	

SUBJECT:	**Investment Performance Quarter Ending 30th June 2012**
REPORT OF:	**Officer Management Team - Director of Resources** **Prepared by – Principal Accountant**

1. Purpose of Report

1.1 To inform Members of the investment returns for the quarter ending 30th June 2012.

2. Links to Council Policies & Plans

2.1 The Council's Treasury Management function is a key element to the Financial Strategy, which in turn feeds into the prudent use of Resources, one of the Council's Management Principles.

3. Background

3.1 The Council's Treasury Management Strategy 2012/13 details the following sources for generating investment income for the year:

(i) Set an estimated return on investment income for the year of £0.8 million.

(ii) Set the sources for generating income for the year as follows:

	£'000
Fixed & Callable Deposits	657
Short Term Cash Flow and Other Investments	77
Stoke Poges Memorial Gardens Fund	66
Total	800

3.2 In addition Sector Treasury Services Ltd is engaged by the Council as its Treasury Management consultants providing advice on investment, performance and regulations where necessary.

3.3 The Council has adopted the CIPFA code of practice on Treasury Management, which includes the creation of a Treasury Management Policy Statement setting out the policies and objectives of the Council's treasury management activities.

3.4 The code recommends that reports on investment performance are made on a quarterly basis including a Mid-year Review Report. This report represents the first of these reports for 2012/13.

4. Investment Performance – Quarter to 30 June 2012.

4.1 **In House Investments** – Officers invest cash flow surpluses with approved counter parties. Decisions on investing in callable and fixed deposits are taken by Officers in the light of advice from the Council's treasury consultants and brokers acting in the local authority money market, combined with general intelligence available from money market briefings made available to the authority. Members approved a new matrix for in house investments as part of the Treasury Management Strategy 2012/13 as follows.

	Fitch Credit Rating	Maximum Amount	Comment
UK Institutions	AAA	£10 million	The durations of the investment would be informed by the detailed credit rating information
	A+ or better	£7 million	
	A or better Banks with high UK Gov Support	£7 million	
	A or A-	£2 million	
Non UK Institutions	AA or better	£2 million	As above but also sovereignty rating must be AAA
Corporate Bonds	AA- or better	£2 million	Investment decision will be based on balancing yield against duration

4.2 A summary of the Council's holdings of fixed deposits with a maturity of over one year at 30th June 2012 is shown below:

UK Institutions	August Credit Rating	Maximum Amount £7 Million Principal £	Interest Rate	Invested	Matures	Notes
Royal Bank of Scotland	A					
Fixed Deposit		5,000,000	4.25%	08/02/12	08/02/17	(1)
Fixed Deposit		2,000,000	3 Month Libor	02/06/11	02/06/14	(2)
Total RBS		7,000,000				
Cater Allen	A					
Fixed Deposit		1,000,000	2.50%	03/10/11	03/10/12	
Fixed Deposit		1,000,000	3.50%	21/07/10	21/07/13	(3)
Fixed Deposit		2,000,000	3.20%	30/09/10	30/09/13	
Fixed Deposit		1,000,000	2.50%	02/11/11	02/11/12	
Fixed Deposit		2,000,000	2.50%	16/11/11	16/11/12	
Total CA		7,000,000				
Lloyds Bank	A					
Fixed Deposit		1,000,000	3 Month Libor, Floor 2.85%, Cap 5.85%	11/05/10	11/05/15	
Fixed Deposit		1,000,000	3 Month Libor, Floor 3.07%, Cap 5.00%	19/05/10	19/05/15	
Bank of Scotland	A					
Fixed Deposit		3,000,000	2.10%	15/07/11	16/07/12	
Fixed Deposit		1,000,000	2.10%	04/10/11	04/10/12	
Total Lloyds Group		6,000,000				
Barclays	A					
Fixed Deposit		1,000,000	3 Month Libor, Floor 3.05%, Cap 5.00%	24/05/10	26/05/15	
Total Barclays		1,000,000				
Total Deposits		21,000,000				

(1) RBS have the option to switch to 3 month LIBOR[1] in years 3,4 & 5.

(2) RBS have exercised their option to switch to 3 month LIBOR in year 2.

(3) The £3 million invested with the Bank of Scotland at 2.10% matured on 16th July 2012 and was reinvested with them at 3% from that date for a period of slightly less than one year maturing on 4th July 2013.

In addition the Council held the following investments of short term cash with duration of under one year at the end of the quarter:

	Fitch	Amount £	Interest Rate	Period
Nat West Bank	A	3,500,000	Base + 34 Basis Points	Instant Access
Nat West Bank	A	1,500,000	Base + 60 Basis Points	30 Day Notice Account
Bank of Scotland	A	1,000,000	3.00%	23/04/12 to 11/04/13
Bank of Scotland	A	1,000,000	2.00%	15/05/12 to 15/02/13
Clydesdale Bank	A	1,000,000	2.05%	15/05/12 to 15/11/12
Co-op Bank	BBB+	1,000,000	1.8125%	16/05/12 to 16/11/12
Close Brothers	A	1,000,000	2.10%	22/05/12 to 22/02/13
Total		10,000,000		

4.3 **Stoke Poges Memorial Gardens Fund:** The interest return from the fund is no longer credited directly to the Stoke Poges Memorial Gardens cost centre but has been incorporated with all of the Council's other investment returns.

4.4 The fund is managed on a passive basis by King & Shaxson .Due to the current cost of buying a new bond it is the current policy to reinvest any maturities within the Councils cash investment. The value of the fund at 30th June was £1,557,635

5. Treasury Management Strategy Update

5.1 The Treasury Management Strategy (TMSS) was approved by the Council on 21st February 2012. The Council's Annual Investment Strategy, which is incorporated in the TMSS, outlines the Council's investment priorities as

- Security of capital
- Liquidity

5.2 The Council also aim to achieve the optimum return on investments commensurate with the proper levels of security and liquidity. In the current economic climate the Sector view during the on going market uncertainties is to keep anything maturing short term for up to twelve months with the exception of investing in part Government institutions.

5.3 There is a total of £5 million of long term fixed investments which will mature during the autumn and for which reinvestment will need to be considered. These are listed below:

Counterparty	Fitch	Amount £	Interest Rate	Invested	Matures
Bank of Scotland	A	1,000,000	2.10%	04/10/11	04/10/12

[1] LIBOR – London Inter Bank Offered Rate

Cater Allen	A	1,000,000	2.50%	03/10/11	03/10/12
Cater Allen	A	1,000,000	2.50%	02/11/11	02/11/12
Cater Allen	A	2,000,000	2.50%	16/11/11	16/11/12
Total		5,000,000			

5.4 The Treasury Management Strategy 2012/13 approved a revised counterparty matrix which is shown at 4.1 above. Since the adoption of this matrix there has been a general downgrading of credit ratings by the ratings agencies including Fitch which the Council use. This has resulted in some of the Council's current investment portfolio no longer meeting the counterparty matrix as shown below.

(1) Cater Allen's (Santander UK) rating has now fallen from A+ to A which means the maximum amount invested long term (in excess of one year) with them should be £2 million rather than the £7 million currently invested. This situation will partly be rectified during October and November when the £4 million of investments matures and is reinvested elsewhere. The £2 million limit will be met when a further £1 million investment with them matures on 21st July 2013.

(2) In short term investments since the £1 million was invested with the Co-op on 16th May 2012 their credit rating has fallen from A- to BBB+ which is not included on the Council's counterparty list. The investment matures on 16th November 2012.

5.5 The fall in the credit ratings of UK banks have not tended to be specific but of a more generic nature where once one falls they all tend to follow therefore those banks that were rated as AA- a year ago are now rated as A although there are some exceptions to this. If credit ratings fall further and most of the UK banks are currently on a negative watch then the Council's current counterparty matrix will become no longer fit for purpose. As things stand the Council would have to significantly reduce its investments with most of the major UK banks as investments mature. It would also be faced with having a very limited range of counterparties to place funds of more than £1m with. Consideration will therefore need to be given on how to react to any further falls in credit ratings including if delegated powers should be given to the Director of Resources in conjunction with the Portfolio Holder in respect of the placing of short term investments before Members of this Pag could agree a revised counterparty matrix. The Audit Commission's report on Icelandic Banks included guide on the grading of credit ratings which is very useful and an extract in respect of Fitch ratings is shown below for Members information.

Audit Commission Grading	Fitch Long Term
Extremely Strong Grade	AAA
Very Strong Grade	AA+ AA AA-
Strong, but susceptible to adverse conditions	A+ A A-
Adequate Grade	BBB+ BBB BBB-
Speculative Grade	BB+ BB BB-
Very Speculative Grade	B+ B B-

Vulnerable Grade	CCC CC C
Defaulting Grade	D

As can be seen from the above the majority of the Council's cash investments are still regarded as strong with the exception of the Co-op which falls into the adequate category.

5.6 The longer money is invested, the lower the credit rating of the counterparty, the greater the return however this comes at a greater risk. The return on the Council's cash investments during July 2012 was 2.52% which I regard to be a good return given the current climate with a bank rate of only 0.50% and with some forecasts that it could fall further. As well as the counterparty matrix consideration needs to be given to investing in alternatives to cash to see if the Council could get a better return on some of its investments offset against the risk involved.

5.7 To enable a discussion on where the Council should invest so that the results can be built into the Treasury Management Strategy 2013/14 which Members will consider and approve in December 2012 I am arranging for Sector to attend an informal meeting with the Members of this Pag in October or November **(date to be confirmed**) where alternative options to cash can be considered including Corporate Bonds, Interest Rate Swaps, Equities, and Property investments. Sector will set out the advantages and disadvantages of the alternatives to cash including risk v return and legality and answer Members questions.

6. Investment Policy and Procedures

6.1 As detailed in 3.3 above the Council has adopted the CIPFA Code of Practice on Treasury Management.

6.2 The Code recommends the creation & maintenance of Treasury Management Policy & Procedures.

6.3 It is not normally expected that the procedures will need to be revised very often and any changes have therefore been delegated down to me as Chief Finance Officer. A copy of the document is brought to Members attention on an annual basis and a copy has therefore been attached at Appendix A for Members information.

7. Economic Background

7.1 The quarter of the saw:

- The economic outlook has generally weakened.
- Demand to the high street was volatile, as a result of temporary distortions.
- Employment rose and unemployment fall, but earnings growth remained weak.
- Inflation continued to fall.
- The Bank and the HM Treasury announced measures to help the UK banking sector.
- The MPC indicated another tranche of quantitative easing.
- Gilt yields fell on the back of deteriorating economic data and safe-haven flows from the euro-zone.
- Sentiment towards the Eurozone alternately rose on the announcement of measures to address the crisis, but then fell back as measures disappointed.

A more detailed Economic Background is shown at appendix B

8. Interest Rate Forecasts

8.1 The latest forecast for Bank Rate provided by Sector is shown below:

	Sep 12	Dec 12	Mar 13	Jun 13	Sep 13	Dec 13	Mar 14	Jun 14	Sep 14	Dec 14	Mar 15
Sector	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.75%	1.00%
UBS	0.50%	0.25%	0.25%	0.25%	0.25%	0.25%					
Capital Economics	0.50%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	

The Sector central forecast is for the first increase in bank rate to be in the last quarter of 2014 but there is downside risk to the projection. With growth predictions for the UK continuing to be reduced on an almost monthly basis by both the Office for Budget Responsibility and economic commentators generally, and financial markets unconvinced that politicians have resolved the Euro zone sovereign debt crisis in the medium-term, we are likely to continue to experience high levels of volatility. Other forecasts as shown above anticipate that bank rate will fall further.

A more detailed summary outlook on the prospects for interest rates is shown at appendix C

9. Resources, Risk & Other Implications

9.1 The investment budget set for the year is £800,000.The Council is currently on target to meet the investment budget for the year however the budget for 2011/12 had an assumption built in that interest rates would rise in the last quarter of the year which is no longer forecast to happen and there maybe a small underachievement in matching the target which will become more apparent as the year progresses.

10. Summary

10.1 The PAG is requested to:

1. Note the investment performance for the quarter to 30th June 2012.

Officer Contact:	**Mr H Woodbridge – Ext 7319** **Email address – howard.woodbridge @southbucks.gov .uk**
Background Papers:	**None**

Appendix A

SOUTH BUCKS DISTRICT COUNCIL

TREASURY MANAGEMENT POLICY & PROCEDURES

SEPTEMBER 2012

SECTION 1

SOUTH BUCKS DISTRICT COUNCIL

OVERALL POLICY STATEMENT FOR TREASURY MANAGEMENT

1. The Council adopted the CIPFA code of practice on Treasury Management in June 2002. In the light of the Icelandic situation in 2008 the CIPFA amended the code in 2009 which was adopted by Members in February 2010.

2. The revised Code includes an amended version of the treasury management policy statement (TMPS) incorporating just three clauses including a revised definition of treasury management activities. The clauses and definition are set out below:

Treasury Management Policy Statement.

- This organisation defines its treasury management activities as "The management of the authority's investment and cash flows, its banking, money market and capital market transactions :the effective control of risks associated with those activities; and the pursuit of optimum performance consistent with those risks".

- This organisation regards the successful identification, monitoring and control 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 their risk implications for the organisation.

- This organisation 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 techniques, within the context of effective risk management.

Adoption of the revised CIPFA Treasury Management Code of Practice 2009

2. The CIPFA Code recommends that all public service organisations adopt as part of their standing orders, financial regulations, or other formal policy documents appropriate to their circumstances, the following clauses.

1. This organisation will create and maintain, as the cornerstone 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 (TMPs), setting out the manner in which the organisation will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.

2. This Council will receive reports on its treasury management policies, practices and activities, including, as a minimum, an annual strategy and plan in advance of the year, a mid year review and an annual report after its close, in the form prescribed in the TMPs.

3. This organisation delegates responsibility for the implementation and regular monitoring of its treasury management policies and practices to the Resources

Portfolio Holder, and for the execution and administration of treasury management decisions to the Director of Resources, who will act in accordance with organisation's policy statement and TMPs and, as a CIPFA member, CIPFA's Standard of Professional Practice on Treasury Management.

Adoption of the Code in practice

The revised Code is built largely on what was recommended practise in the previous version, but does place grater or new emphasis in certain key areas. The main points in the new Code are as follows:

a) All councils must formally adopt the revised Code and four clauses.

b) The strategy report will affirm that the effective management and control of risk are prime objectives of the Council's treasury management activities. This is consistent with the approach always adopted by this Council.

c) The Council's appetite for risk must be clearly identified within the strategy report and will affirm that priority is given to security of capital and liquidity when investing funds and explain how that will be carried out.

d) Responsibility for risk management and control lies within the organisation and cannot be delegated to any outside organisation. This is something the Council has always been clear about, in that whilst it uses advisers and external sources of information, that it is the officers and members of the authority who are accountable for policy and decisions.

e) Credit ratings should be used as a starting point when considering risk. Use should also be made of market data and information, the quality financial press, information on government support for banks and credit ratings of that government support.

f) Councils need a sound diversification policy with high quality counterparties and should consider setting country, sector and group limits.

g) Borrowing in advance of need is only to be permissible when there is a clear business case for doing so and only for the current capital programme. As a debt free authority this is not an issue that arises for the Council.

h) The main annual treasury management reports must be approved by full council.

i) There needs to be, at a minimum, a mid year review of treasury management strategy and performance. This is intended to highlight any areas of concern that have arisen since the original strategy was approved. For South Bucks this requirement is met by the regular reports to the Resources Portfolio Holder.

j) Each council must delegate the role of security of treasury management strategy and policies to a specific named body. For South Bucks DC this is carried out by the Resources PAG.

k) Treasury Management performance and policy setting should be subject to prior scrutiny. This is achieved via the regular discussions on Treasury Management at the Resources PAG.

l) Members should be provided with access to relevant training.

m) Those charged with governance are also personally responsible for ensuring that they have the necessary skills and training.

n) Responsibility for these activities must be clearly defined within the organisation.

o) Officers involved in treasury management must be explicitly required to follow treasury management policies and procedures when making investment and borrowing decisions on behalf of the Council.

p) The Council has adopted the following reporting arrangements in accordance with the requirements of the revised code:

Area of Responsibility	Reporting Arrangements	Frequency
Treasury Management Policy (revised)	Resources PAG /Cabinet/Council	Initial adoption 2010
Treasury Management Strategy Annual Investment Strategy MRP policy	Resources PAG /Cabinet/Council	Annually before the start of the year
Treasury Management Strategy Annual Investment Strategy MRP policy – mid year report	Resources PAG /Cabinet/Council	Appropriate quarterly report to RPAG
Treasury Management Strategy Annual Investment Strategy MRP policy – updates or revisions at other times	Resources PAG /Cabinet/Council	As appropriate
Annual Treasury Outturn Report	Resources PAG /Cabinet/Council	Annually by 30 September after the end of the year
Monitoring Reports	Resources PAG /Cabinet/Council	Quarterly
Treasury Management Practices	Resources PAG /Cabinet/Council	Annually
Investment Portfolio Detail	Resources Portfolio Holder	Monthly
Scrutiny of treasury management strategies & performance	Resources PAG	Ongoing but with particular focus when considering annual Strategy

SECTION 2

SOUTH BUCKS DISTRICT COUNCIL

TREASURY MANAGEMENT POLICY & PROCEDURES – IN-HOUSE FUNDS

1. Introduction

The Council has adopted CIPFA's "Code of Practice on Treasury Management in the Public Services". One of the requirements of this code is that Treasury Systems should be fully documented so that all who are involved are clear on the procedures and on any limits that apply to their activities.

The Council is debt free and therefore is in the position that it is unlikely to have to borrow money in the short term. This Treasury Management Policy and Procedures Document is therefore restricted to lending surplus funds not borrowing.

This document, except where stated, relates to the placing of surplus cash by officers of the Council.

2. Delegation

2.1 All investment and borrowing matters are delegated to the Resources Portfolio Holder.

2.2 The Director of Resources has delegated authority to deal with the investment of surplus cash in hand.

2.3 The Director of Resources delegates the regular monitoring of investments to the Principal Accountant.

2.4 The day-to-day transactions are carried out by the Finance Officer within the terms of reference set by the Council.

2.5 The Finance Officer will establish the balances held in the Council's bank account each morning via an electronic link to the bank and ascertain what money is available for investment.

2.6 When considering the period for investment the following points shall be taken into consideration:

Future movements in cash flow
Precept Dates
Rates of interest being offered
Anticipated future trends in interest rates

Where a significant investment decision has been made written justification of the rationale behind the decision will be kept.

2.7 In order to meet any unexpected requirements for cash, part of the Council's funds must be kept on call. Generally any deposits made for a fixed period must be repayable by the next precept date. Placing of sums in excess of this period must be approved by the Principal Accountant.

2.8 In the absence of the Finance Officer the Principal Accountant is responsible for day-to-day decisions, in the absence of either of the Principal Accountants decisions fall to the Head of Finance

3. Dealing Procedures

3.1 All staff involved in Treasury management must be aware of the principles set down in “Non investment product code” (NIPS code) which has replaced the London Code of Practice. To avoid over-reliance on a single broker and enhance objectivity in dealings it is good practice to spread deals amongst a range of brokers and equivalent.

3.2 The principle behind the management of the Council's cash balances is to meet all liabilities without resort to unnecessary borrowing. This means having regard to payment dates, particularly precept dates, when placing monies longer term.

3.3 The aim in managing the Council's cash balances is to ensure the availability of sufficient funds to meet the liquidity requirements of the Council. This is achieved by placing surplus cash at call or for longer periods. These decisions are made having regard to expected cash flows and the due dates of large payments e.g. precept payments.

3.4 For fixed and callable investments the approval of the Director of Resources must be obtained in writing before the investment is made. Decisions on investing in callable and fixed deposits are taken by Officers in the light of advice from the Council’s treasury consultants and brokers acting in the local authority money market, combined with general intelligence available from market briefings made available to the authority.

4. Documentation

4.1 All deals must be documented at the time of dealing, within the money diary, within 24 hours of the deal being made.

4.2 In addition a spreadsheet must be maintained to show the amount, period, counterparty and interest rate. When any written confirmation is received it is essential that this is checked against the spreadsheet immediately with any discrepancies investigated without delay.

4.3 The spreadsheet should be tied up and balanced with the interest received shown in the general ledger on a monthly basis. A monthly summarised statement of reconciliation should be produced by the Principal Accountant.

4.4 Where significant Money Market investments are made, evidence will be kept to demonstrate that the best rate has been obtained for the Council. This could take the form of quotes from two different brokers or notes of external investment advice giving details of the current market rates and products.
This evidence will also form the written justification of why the investment decision was made.

5. Transmission Procedures

Where funds need to be transferred to the counterparty the following procedure will need to be undertaken:

i. Where payments made to counterparties can be transmitted using electronic banking the Principal Accountant or another authorised officer must approve and release the transaction.

ii. In cases where CHAPS payments are made via the bank a letter of confirmation signed in accordance with mandate instructions must be faxed to the bank by no later than 2.00 p.m. on the day of transfer.

iii. Deposits made with the Council's bank through the special interest bearing account will be made via an electronic transfer between the Council's bank accounts.

6. Limits on Decision Making

The following limits must be strictly adhered to and under no circumstances may they be exceeded:

Director of Resources	All matters delegated by the Council.
Head of Finance Principal Accountant	All matters delegated by the Director of Resources as set out in these procedure notes
Principal Accountant Finance Officer	Investment of all surplus balances within limits applicable to counter-parties, subject to the limitations set out in these procedure notes

7. Limits Applicable to Counterparties

7.1 Investment of Council funds has one overriding principle - SECURITY. With this in mind the Council have adopted the following matrix for funds may only be placed with the following institutions:

	Fitch Credit Rating	Maximum Amount	Comment
UK Institutions	AAA	£10 million	The durations of the investment would be informed by the detailed credit rating information
	A+ or better	£7 million	
	A or better Banks with high UK Gov Support	£7 million	
	A or A-	£2 million	
Non UK Institutions	AA or better	£2 million	As above but also sovereignty rating must be AAA
Corporate Bonds	AA- or better	£2 million	Investment decision will be based on balancing yield against duration

The maximum limits for institutions do not apply to the investment of short term cash.

All fixed investment decisions will require final authorisation by the Director of Resources.

Deals out of a forward date are permitted provided that they are agreed by the Director of Resources.

8. Reporting Lines and Frequency

8.1 On a monthly basis a summary statement of reconciliation will be produced by the Principal Accountant.

8.2 The Principal Accountant should produce on a monthly basis a statement comparing interest returns with the budget and a forecast for the year based upon the latest information available.

8.3 Each month the Principal Accountant will produce a spreadsheet detailing the Council's investment portfolio, including market value and credit ratings, and email it to the Resources Portfolio Holder and the Director of Resources.

8.4 On a quarterly basis the Principal Accountant will produce a report on Investment Performance for the Director of Resources to present to the Resources Portfolio Holder and his Policy Advisory Group (Pag).

8.5 An annual Treasury Management Strategy Report is to be presented by the Director of Resources to the Resources Portfolio Holder when the annual budget for the following year is considered.

8.6 An annual Investment Strategy for the year ahead is to be presented to the Resources Portfolio Holder prior to the commencement of that year.

8.7 Annually after the closure of the financial year the Director of Resources is to report to the Resources Portfolio Holder on matters regarding the previous year's activities.

9. Cash Flow

9.1 A detailed estimated and actual cash flow spreadsheet should be maintained which updates the estimated cash flow for the year to take account of actual cash movements as the year progresses. A copy of the spreadsheet should be available for audit purposes.

10. Review of Treasury Systems Document

10.1 While it is not expected that the actual procedures in this document will need to be revised very often, such aspects as limits, risk spreading and possibly data recording may require amendment. The Director of Resources is authorised to approve such amendments.

10.2 In some instances, such as where limits for counterparties need to be changed during the year, periodic supplements to this document may have to be issued. However, there should be a full review by the Director of Resources of the contents of the document annually and any amendments reported to the Resources Portfolio Holder.

SECTION 3

SOUTH BUCKS DISTRICT COUNCIL

INVESTMENT POLICY & PROCEDURES - TMP 9 MONEY LAUNDERING

9.1 PROCEDURES FOR ESTABLISHING IDENTITY/AUTHENTICITY OF LENDERS.

The Council does not accept loans from individuals.

The Council is debt free but may from time to time borrow for short terms cash flow purposes. Any short term borrowing will be restricted to authorised institutions under the Banking Act 1987.The names of these institutions appear on a register maintained by the Financial Services Authority (FSA) and can be accessed on their website on www.fsa.gov.uk. Short-term borrowing is restricted to those institutions appearing on the Council's list of counterparties.

9.2 METHODOLOGIES FOR IDENTIFYING DEPOSIT TAKERS.

In the course of its Treasury activities the Council will only lend monies to or invest with those counterparties that are on its approved lending list. These will include authorised deposit takers under the Banking Act 1987:(the names of these institutions appeared on the Bank of England quarterly list of authorised institutions until 1.12.2001 when the Financial Services Authority (FSA) took over the responsibility for maintaining a register of authorised institutions. This register can be accessed through their website on www.fsa.gov.uk)

- When a new investment is made with an authorised deposit taker or other institution appearing on the Council's approved counterparty list the bank details (sort code, account number, name etc) are checked with the APACS book and added as a template to the Council's electronic payments system (Nat West Bankline – Payments Manager).

- If the dealer finds that the information received from a broker or institution differs when checking with the APACS book he will contact the broker or institution and resolve the query.

- The authorised signatory electronically approving the payment on Payments Manager will check the bank details on the template with the information received from the broker/institution as part of the authorisation process before they release the payment into the banking system. Any discrepancy will be queried with the dealer.

- Any queries on the name of an institution will be checked to the APACS book and to the Council's source of credit ratings Fitch IBCA supplied by Sector Treasury Services.

- All transactions will be carried out electronically via Nat West Bankline Payments Manager.

9.3 PROCEEDS OF CRIME ACT 2003 (POCA)

The current responsibilities of local authorities in respect of the POCA are detailed below:

The proceeds of Crime Act 2003 imposes an obligation on any person or other body that undertakes a regulated activity as defined by the Act to report any incident that leads them to suspect that an individual or other body is making transactions with the proceeds of any criminal activity. This is an extension of the obligations previously imposed principally on financial services organisations and employees under money laundering legislation. The money laundering legislation, as reinforced by the FSA guidance, made it clear that an organisation had to nominate a money laundering reporting officer, MLRO, through whom suspicious transactions had to be reported to the National Criminal Investigation Service (NCIS), being the police body charged with dealing with these matters.

The question therefore arises as to whether organisations now caught under the provisions of the POCA have to also nominate a MLRO. There is nothing that states that an MLRO has to be nominated and indeed, a number of organisations that are caught by POCA would not have a direct regulator to notify. However, it is equally clear that such organisations must have a process in place whereby employees can alert management of activities that may fall under POCA and that process must make it clear to whom an internal report has to be made. Therefore, whether called an MLRO or not, under their internal processes organisations need to appoint a senior officer (Finance Director, Treasurer, Head of Legal) to whom suspicions must be reported and who ids responsible for deciding whether to pass the report to NCIS at the address given below:
NCIS,
PO BOX 8000,
LONDON.
SE11 5EN.

www.ncis.co.uk

The Council has appointed Jim Burness, Director of Resources, to be the responsible officer to whom any suspicions that transactions involving the Council may include a party who is involved in criminal activity. Suspicious transactions will be investigated as far as the Council is in a position to do so or it is appropriate for the Council to do so, if any doubts remain, these transactions will be reported to the National Criminal Investigation Service.

The Director of Resources is conversant with the requirements of the POCA 2003 and will ensure that Business Unit Heads will pick up any training requirements for relevant staff through the appraisal process.

Economic background

The weakening business surveys since the start of Q1 suggests that the economy will be lucky to escape a third successive quarterly contraction (output shrunk by 0.4% in Q3 FY 11/12 and 0.3% in Q4 FY 11/12). Admittedly, the weighted output balance of the CIPS/Markit surveys in April and May was at a level consistent with quarterly expansion, albeit of only 0.2%. However it is not clear that the CIPS surveys have improved on the detrimental impact on output of the extra bank holiday for the Queen's Jubilee at the start of June.

The CIPS surveys does exclude the retail sector and high street spending, which performed strongly in May on the official measure, following a weak, poor-weather driven performance in April. Evidence for early June from the CBI's Distributive Trades Survey suggests that the Jubilee holiday may have boosted spending. Nevertheless, consumer confidence showed no signs of breaking out of its long-depressed state.

The labour market continued to perform relatively better. The Labour Force Survey measure of employment rose by 166,000 in the three months to April, whilst unemployment fell by 51,000 in the period February-April. The scale of the decline was more modest than the rise in employment, with the number of people looking for work outpacing jobs growth. The narrower claimant count measure of unemployment did rise by 8,000 in May, the largest increase since September 2011.

Pay growth remained weak. Annual growth of overall average earnings rose from 0.8% to 1.9% in April as the poor bonus season ended. Excluding bonuses, growth was only 1.8%. Given the rate of inflation over this period, real pay continued to fall on an annual basis, an underlying drag on the consumer and therefore growth.

House prices trended downwards. The Nationwide measure fell in two of the three months from April to June, with the annual rate of house price inflation declining from -0.7% in May to -1.5% in June. The less timely Halifax measure also saw an overall decline in prices over April and May.

Banks' funding costs eased over the quarter, reflecting actions by the Bank of England and Treasury to boost liquidity. Two initiatives were announced in June - a 'funding for lending' scheme which would allow banks to temporarily "swap" their assets with the Bank of England in return for money they could lend to customers, and an emergency scheme that offered six-month low-cost liquidity to banks in tranches of £5bn a month.

Costs, however, remained elevated and banks began to pass higher costs onto borrowers. Borrowing rates on most types of new mortgages picked up in April and May.

Trade data showed a sharp deterioration in April. The UK posted its second largest monthly trade deficit on record, driven in large part by a widening of the gap between exports and imports with countries outside the EU. Exports to the Eurozone also fell, with weakness extending from the peripheral countries to what had previously been perceived as strong economies like Germany.

The latest public finance figures also disappointed. While April's budget surplus was the largest on record, this was flattered to the tune of £28bn by the transfer of a share of the assets of the Royal Mail's pension fund to the public sector. Once allowance was made for this, net borrowing for the first two months of the financial year was almost £4bn higher than the equivalent period in 2011/12.

Inflation fell further in the second quarter. CPI inflation fell from 3.5% in March to 2.8% in May, driven by declines in fuel and food prices. Core inflation fell from 2.5% to 2.2%.

The most striking development in inflationary pressures was in the price of oil, which fell from $125 at the beginning of April to around $96 at the end of June, its lowest level since early 2011.

Consistent with the decline in inflation, medium-term indicators of inflation suggested that underlying price pressures remained weak. Household respondents to June's YouGov/Citigroup inflation expectations survey predicted the annual rate of inflation in a year's time would be 2.4%, the lowest year-ahead expectation since April 2010.

The MPC voted narrowly against pursuing more quantitative easing (QE) at its June meeting. The consensus view was that the MPC would decide on further purchases in July. The Governor of the Bank of England said in June that, as a consequence of the Eurozone crisis, he was already more pessimistic than suggested by the forecasts published in the Bank's Inflation Report only six weeks earlier.

As a result of, safe-haven flows from the Eurozone and the impact of QE, government bond yields fell during the quarter, with ten year yields at one point dropping below 1.5%, their lowest level ever.

After signs of acceleration in Q4 FY 11/12, the US economy's recovery lost momentum. Total non-farm payroll employment was up only 69,000 in May, following a similarly weak rise in April of 77,000. US retail sales values fell in April and May.

Market sentiment towards the Eurozone remained volatile as successive 'rescue packages' first raised, and then disappointed, expectations. The economic news suggested that the Eurozone economy contracted sharply in the second quarter, while Eurozone unemployment rose to 11.1% in May, the highest rate since the creation of the euro in 1999.

Interest rate forecast – Summary outlook

The outlook for the global economy remains clouded with uncertainty. The UK economy has struggled to generate a sustained recovery so this offers little hope for a strong recovery in 2012, and possibly even into 2013. Consumer and business confidence levels are generally low and it is not easy to see potential for a significant increase in the growth rate in the short term.

Eurozone

- Regular Euro-zone summits have yet to put in place the building blocks for a long-term recovery;
- The outcome of the French and Greek elections have emphasised the desire of the southern nations states and France to see more of a growth agenda than has been prevalent of late and also a potential move towards fiscal union;
- Cash outflows from banks have generally been from the southern nation states to Germany, Holland, Denmark and Finland.
- The Germans remain reticent about fiscal union of any sort;
- In the first week of July, the ECB cut the base lending rate to 0.75% from 1% whilst the deposit rate was reduced to zero.

US

- Economic prospects have disappointed in recent weeks with the key non-farm payroll monthly figures tending to dip below 100,000 new jobs. For a proper, robust recovery, something in the order of 200,000 new jobs needs to be created each month.
- Operation Twist remains in place, ensuring that long term funding costs are forced down as well as the loose monetary policy at the short end of the curve;
- However, in a typically fraught election year, the US still has to address reducing the huge total of public debt and annual deficits but that will have to wait until 2013 at the earliest;
- Presidential elections are due in November 2012.

China

- Falling inflation has opened the way for relaxing credit restrictions to boost growth, which has been flagging;
- Current expectations are that it will maintain a reasonable rate of growth, though less than in previous years.

UK

- Austerity measures, aimed at getting the public sector deficit into order over the next four years, may start losing support unless the economy starts to revive soon;
- Some £80bn is going to be made available by the Government to the banks to parcel through to business but it is not clear that all of this will be taken up;
- The housing market, a gauge of consumer confidence, remains subdued although house prices are being supported by the weak £ relative to some of the other main currencies;
- Economic forecasts for 2012 and beyond have been revised lower on a near quarterly basis;

- The Bank of England embarked on a £50bn third round of Quantitative Easing (QE) at the start of July to stimulate economic activity. It is unlikely to be the last tranche of QE and the total now stands at £375bn;
- Inflation has eased from its peak of 5.2% (CPI) in September 2011, now standing at 2.8% with the outlook brighter given commodity and oil prices seem to be in decline, at least for the moment
- "Safe haven" status has underpinned demand for gilts and kept yields at historic lows. Unlikely to see material change in near term.

Sector's forward view

Economic forecasting remains difficult with so many external influences weighing on the UK. Key areas of uncertainty include:

- The impact of the Euro-zone crisis on financial markets and the banking sector;
- The impact of the UK Government's austerity plan on confidence and growth;
- Monetary policy action failing to stimulate growth in western economies;
- The potential for weak growth or recession in the UK's main trading partners - the EU and US;

The overall balance of risks remains weighted to the downside. Sector believes that the longer run trend is for gilt yields and PWLB rates to rise due to the high volume of gilt issuance in the UK, and the high volume of debt issuance in other major western countries. However, near-term, QE is likely to depress yields and further QE thereafter may lead to a reassessment of Sector's central forecast

Given the weak outlook for economic growth, Sector sees the prospects for any interest rate changes before early 2014 as very limited indeed. There is potential for the start of Bank Rate increases to be even further delayed if growth disappoints.

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SUBJECT:	**Land at Boundary Road, Taplow Boundary Wall Stabilisation work**
REPORT OF:	**Officer Management Team - Director of Services** **Prepared by - Head of Environment**

1. **Purpose of Report**

1.1. The purpose of this report is to update the Policy Advisory Group on the work to the boundary wall enclosing land at Boundary Road, Taplow

2. **Links to Council Policy Objectives**

2.1 The future management of this site will contribute to the Council's aim to make our environment measurably cleaner, healthier and managed in a way to preserve it for future generations.

2.2 This matter also progresses the aims of the Council's Asset Management Plan through working with the Parish Council.

3. **Background**

3.1. The Council owns the land to the south of Taplow village and this is shown edged in shaded grey on the plan at Appendix A.

3.2. This matter was reported to the Resources PAG 23rd March 2010. The report set out the background and suggested that the site should be made available for use by the local residents for recreation and the enjoyment of the natural environment. After considering all the information available the PAG agreed to advise the Portfolio Holder to recommend to Cabinet and Council that: -

1 - A 125 year lease of the land at Boundary Road, Taplow at a peppercorn rent be offered to Taplow Parish Council,
2 - A clause is inserted in the lease requiring Taplow Parish Council to undertake to use, maintain and secure its boundaries against redevelopment or alternative uses,
3 - Each side to bear their own legal costs,
4 - Delegated authority is given to the Resources Portfolio Holder to agree any minor amendments, in consultation with the Head of Environment.

This matter was subsequently agreed by Cabinet and Council

3.3. Members of the Environment PAG via email on 25th July 2010 agreed to release monies from the Gladys Jones bequest that had been left to the Council for environmental improvements in Taplow as follows:

1 - £5000 is released to Taplow Parish Council for the purposes set out in this report to fund improvements at this land.
2 - A further £2,500 might be required, to be release from the bequest subject to the results of structural survey, to carry out wall repairs to the boundary wall.

3.4. Members of the Resources PAG on 31 October 2011 agreed to stabilising the boundary wall and rebuilding at a cost of £12,400, to be funded from capital budget, the balance coming from the Gladys Jones Memorial fund of £5000.

4.0 Discussion

4.1 The total repair works cost £17,139 against an anticipated cost of £12,400. The additional costs were due to having to obtain a County Council Temporary traffic regulation order and the purchase of additional bricks over and above those anticipated and repairing the fence with the adjoining property.

4.2 The lease to the Parish Council is concluded. They required an additional clause to be inserted in the lease under the landlords covenant with the tenant to indemnify and keep indemnified the Tenant against any valid and enforceable claim arising directly from the covenant detailed with the conveyance dated "to maintain a sufficient wire fence on the southerly and westerly boundary" Officers do not expect this to cause any difficulties.

5. Resources, Risk and Other Implications

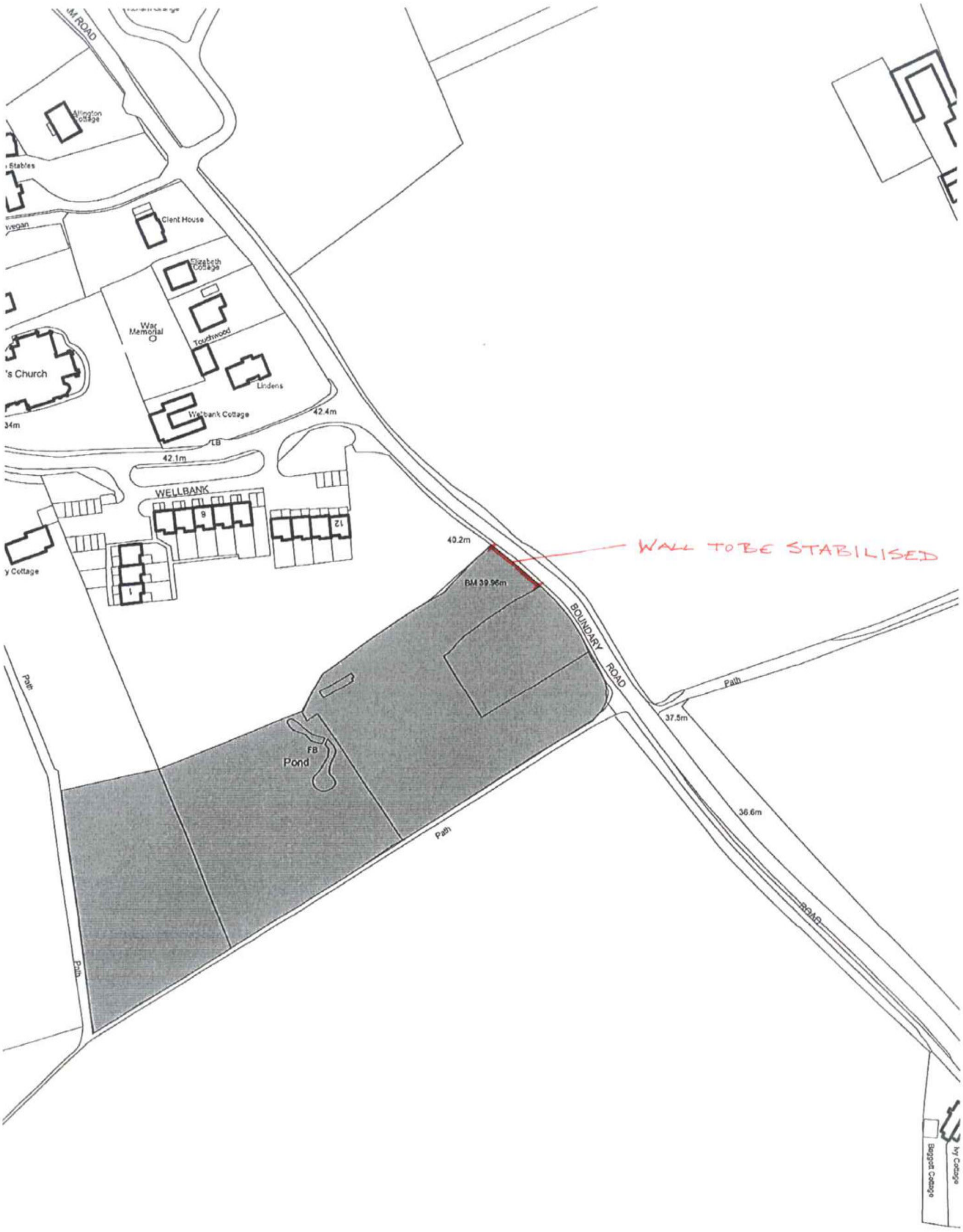
5.1 The financial implication the additional capital expenditure will be met from the existing Budget.

6. Summary

The Policy Advisory Group is asked to note the contents of this report

Portfolio Holder:	**Councillor Duncan Smith**
Officer Contact:	**John Harwood 01895 837321 email** john.harwood@southbucks.gov.uk
Background papers	**Services working file**

Appendix A. Plan of the site showing the land to be transferred.



BOUNDARY ROAD WALL

Boundary Road Wall Complete

Boundary Road Wall Complete Trees and Ground Level Reduced

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