



DEMOCRATIC AND ELECTORAL SERVICES

| | | | |
|----------------|---------------------|--------------|--|
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Dear Councillor

RESOURCES POLICY ADVISORY GROUP

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

DATE: THURSDAY, 12TH DECEMBER, 2013
TIME: 6.00 PM
VENUE: ROOM 6, CAPSWOOD, OXFORD ROAD, DENHAM

Please note that this meeting is not open to the public

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 meetings of the Policy Advisory Group held on
 - 5 September 2013
 - 12 September 2013.
A. REPORTS LIKELY TO LEAD TO PORTFOLIO HOLDER DECISION / RECOMMENDATION
3. **Portfolio Holder Budgets 2014/15**

To consider report of the Director of Resources. (7 - 10)

Appendix A (11 - 12)
Budget Book (13 - 48)
4. **Joint Procurement Strategy**

To consider report of the Director of Resources. (49 - 50)

Appendix (51 - 64)
5. **Bells Hill, Stoke Poges**

To consider report of the Director of Services. (65 - 66)

Appendix (67 - 68)
6. **Treasury Management Strategy 2014/2015**

To consider report of the Director of Resources. (69 - 72)

Treasury Strategy Management Document (73 - 82)

Appendix A (83 - 84)
Appendix B (85 - 90)
Appendix C (91 - 92)
Appendix D (93 - 96)
Appendix E (97 - 100)
Appendix F (101 - 102)

B. REPORTS FOR INFORMATION / DISCUSSION

7. **Investment Performance - Quarter Ending 30 September 2013**
To consider report of the Director of Resources. (103 - 106)
8. **Any other business**
To consider any other business the Chairman decides is urgent.
9. **Exempt Information**
To note the following item contains exempt information, which is not for Publication to the press or public
10. **Minutes**
(Schedule 12A part 1 para (3) - because of information relating to the financial or business affairs of any particular person) (107 - 110)
To receive the Part II minutes of the Resources Policy Advisory Group held on
 - 5 September 2013
 - 12 September 2013
11. **Portfolio Budgets 2014/15 - Part II Appendix**
Part II Appendix B referred to in item 3. (111 - 112)
12. **Application for Hardship Relief**
To consider report of the Director of Resources. (113 - 114)
Appendix (115 - 126)
13. **Dropmore Road Depot Update Report** (127 - 130)
Appendix (131 - 134)

The next meeting of the PAG is due to take place on Thursday, 20 March 2014

RESOURCES POLICY ADVISORY GROUP

Meeting - 5 September 2013

Comments received via email: Mr Smith (Chairman), Mr Anthony, Mr Chhokar and Mr Hardy

17. FUTURE WASTE AND RECYCLING SERVICES REPORT

Members of the PAG were invited to comment on a report, due to be considered at meetings of the Cabinet and Council on 17 September 2013, which provided an update on the project to introduce new waste and recycling collection services from February 2014.

The report, after explaining how the project was being managed, went on to explain the additional capital and revenue costs that would need to be met as set out in more detail in a Part II report.

The report set out the advice from the Head of Legal and Democratic Services and the Director of Resources that officers were recommending that wheelie bins and other ancillary products be purchased using an established Framework Contract. This would negate the need for the Local Authorities to undertake costly individual procurement exercises and would therefore provide best value for the Council.

The report summarised that whilst the project was currently on schedule, certain vehicles were expected to be delivered up to 4 weeks late so additional vehicles would be hired to ensure that the service can be introduced as planned.

Three comments, all in support of the recommendations set out in the report, were received from Members of the PAG.

Having considered the advice of the PAG, the Portfolio Holder has **AGREED to RECOMMEND** to Cabinet/Council that

1. The capital and revenue budget changes as outlined in Part II of this report are made;
2. A Framework Contract is used for the purchase of wheelie bins and ancillary equipment, such as food waste caddies;
3. That the authority previously delegated to the Director of Resources in consultation with the Resources Portfolio Holder and the Head of Finance be extended to cover the purchase of wheelie bins and ancillary equipment.

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RESOURCES POLICY ADVISORY GROUP

Meeting - 12 September 2013

Present: Mr D Smith, Mr Anthony, Mr Chhokar, Mr Hardy, Mr Harding, Mr Hollis and Mr Bagge

Apologies for absence: Mr Kelly

20. MINUTES

The minutes of the meeting of the Policy Advisory Group (PAG) held on 13 June 2013 were received.

21. PAYROLL CONTRACT EXTENSION

The contracts which both Chiltern District Council and South Bucks District Council have with Aylesbury Vale District Council to provide cost effective payroll services are due to end on 31 March 2014 and the PAG received a report explaining why it would not be appropriate at this moment in time to carry out a retendering exercise. The report instead proposed that the contract be extended to 31 March 2015, a decision that CDC had provisionally agreed to take.

The report explained that an extension of the contract could be undertaken without tenders being invited or quotations obtained in accordance with the exemption provided for under paragraph 14(2) of the Council's Contract Procedure Rules.

After considering the comments of the PAG, which supported the proposal, the Portfolio Holder has **AGREED** to **RECOMMEND** to Cabinet that the contract with Aylesbury Vale District Council for the provision of payroll services be extended to 31 March 2015 in accordance with Contract Procedure Rule 14(2).

22. UPDATE ON CAR PARKING CAPACITY SURVEY AND PROPOSED PROCUREMENT OF DESIGN SERVICES

The contract for carrying out a survey of car parking capacity at Beaconsfield and Gerrards Cross was due to be agreed in September with the work carried out in October. To ensure that a scheme to address any shortfall in capacity identified in the survey could be progressed expeditiously the PAG considered a proposal to appoint architects to undertake feasibility and design works at an estimated cost of £25k.

The PAG, in supporting the proposal, asked to see the details of the schemes proposed by the architects with costs.

Having considered the comments of the PAG the Portfolio Holder has **AGREED** to **RECOMMEND** to Cabinet that £25k be allocated from reserves for feasibility/design services to address any shortfall in car parking identified with details of the scheme(s) proposed by the architects so appointed being reported back to a future meeting of the PAG.

23. ADDITIONAL INTERVIEW ROOM

The number of interviews carried out by Revenues & Benefits and Housing service had increased significantly following changes to the rules for housing benefit and demand for affordable housing and to cope with the increase in demand for space the PAG considered a report setting out two options to provide an additional interview facility close to the Reception.

The PAG, whilst indicating its support in principle to Option A at an estimated cost of £10k, asked for (a) more information demonstrating the need for additional interview space and (b) the actual costs following the exercise to obtain quotes for the work.

Having considered the comments of the PAG the Portfolio Holder has **AGREED** to **RECOMMEND** to Cabinet that Option A be agreed in principle and that a further report demonstrating the need for additional space and the actual costs be submitted to a future meeting of the PAG.

24. FUTURE WASTE AND RECYCLING SERVICES REPORT

Members of the PAG had already indicated via email their support to the proposals in a Part I and Part II report providing an update on the project to introduce new waste and recycling collection services from February 2014 and the Portfolio Holder asked if members wished to make any additional comments.

Having considered the further comments which related to the ownership of the vehicles the Portfolio Holder confirmed the recommendations he had made to the Special Meeting of Cabinet on 17 September 2013 namely that

1. The capital and revenue budget changes as outlined in Part II of the report are made;
2. A framework Contract be used for the purchase of wheelie bins and ancillary equipment, such as food waste caddies;
3. The authority previously delegated to the Director of Resources in consultation with the Resources Portfolio Holder and the Head of Finance be extended to cover the purchase of wheelie bins and ancillary equipment.

25. INVESTMENT PERFORMANCE - QUARTER ENDING 30 JUNE 2013

The PAG considered a report providing details of the investment returns for the quarter ending 30 June 2013. Tables in the report provided summaries of:

- Performance of In house investments
- The Council's holdings of fixed deposits with a maturity of over one year at 30 June
- Investments of short term cash with duration of under one year at the end of the quarter

The report went on to explain how the £4m resulting from the maturity of two fixed deposits had been reinvested and to provide a treasury management update which reflected the Bank of England's indication that there would be no increase in the bank rate until the unemployment indicator was less than 7% of the total workforce.

The report provided an update on Corporate Bonds and the continuing search for the correct bonds for the Council to purchase and explained why both SBDC and CDC had agreed a new joint contract with Sector for a basic service, covering credit ratings and investment advice. The report also referred to the Treasury Management Policy and Procedures a copy of which was attached at an Appendix.

The PAG's attention was particularly draw to paragraph 8 of the report which explained that based on current estimate the investment budget set for the year of £775,000 would fall short by £25,000 which had been declared in budget monitoring. However, the assumption that the Council would be able to achieve returns at the same level when reinvesting maturing investments had not happened currently; therefore the shortfall figure may grow during the year if this continued to be the case.

RESOLVED that the report be noted.

26. 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 meeting of the PAG held on 13 June 2013
(Schedule 12A part 1 para 3 - because of information relating to the financial or business affairs of any particular individual person)

The PAG noted the minutes.

Land by East Lodge, Manor House Stoke Poges

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

The Portfolio Holder agreed to recommend to Cabinet that the leasehold interest in the strip of land be offered to the owner at a rent indicated for a term of 30 years.

Grazing Land at Park Road, Stoke Poges

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

The Portfolio Holder agreed to recommend to Cabinet that Bid D be accepted.

Stoke Park, Stoke Poges

Schedule 12A part 1 para 3 - because of information relating to the financial or business affairs of any particular individual person

The Portfolio Holder agreed to recommend to Cabinet that the previous decision not to progress any disposal be confirmed.

Bath Road Depot

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

Consideration of report deferred pending further information on the options.

Wexham Street Store Lease

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

The Portfolio Holder has agreed to recommend to Cabinet that negotiations be entered into to renew the lease.

Future Waste and Recycling Services

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

The Portfolio Holder agreed to recommend to Cabinet and Council that the recommendations in the report be agreed.

The meeting terminated at 8.05 pm

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| | | | |
|-------------------|----------------------------------|------------------------------|------------------------|
| SUBJECT: | Portfolio Budgets 2014/15 | | |
| REPORT OF: | Officer Management Team - | Director of Resources | |
| | Prepared by | - | Head of Finance |

1. Purpose of Report

1.1. To provide members with information on the draft revenue budget for 2014/15, including the context of the overall financial position facing the Council for the coming year. The report will seek approval for the:

- draft revenue budget
- fees and charges

2. Links to Council Policies & Plans

2.1. One of the primary purposes of the Council's budget process is to ensure that, as far as possible, resources are aligned to the corporate priorities of the Council (Appendix A),, and that any material risks are assessed.

3. Context to the 2014/15 Budget

3.1. Given the challenge faced by the Government in achieving its deficit reduction targets, local authority funding is subject to continuing significant reductions in funding, and constraints on the level of council tax increases.

3.2. Investment income will fall significantly from the current level as older investments at higher rates mature, and rates achievable on new investments are much lower. There does not seem to be any real prospects of rates improving before 2015. The Resources Portfolio Holder and his PAG continually monitor the investment position, and the likely achievable level of investment income for 2014/15 will be reviewed as part of the Treasury Management Strategy for 2014/15.

3.3. Clearly with all the uncertainties around the 2014/15 budget it would be prudent at this stage not to include any funding for new recurring expenditure to improve or expand services. The authority also needs to identify measures to compensate for the reductions in resources referred to. Part of these measures will be the benefits from joint working with Chiltern DC.

3.4. The progressing work with Chiltern DC is resulting in a number of services being provided by joint teams. Where this affects budgets in this Portfolio area it will be highlighted in the detailed information.

4. Budget Assumptions

4.1. The budgets have been prepared in accordance with the following inflation assumptions:

- Salaries inflation from April 2014 of 1%
- Contracts inflation 2% (unless different rate specified within contract)
- Business rates 2.8%
- Gas, Electricity and water 5%
- Other expenditure heads 0%
- Income 2%.

- 4.2. In respect of pay settlements the Council will decide the final figure for any salary increase for next year based on the advice of Personnel Committee.
- 4.3. The Cabinet has decided that in the light of the uncertain external funding position for the Council, that there will be no discretionary growth allowed in the draft budgets.
- 4.4. In addition at its November meeting the Cabinet proposed a number of savings measures with the objective of reducing the forecast funding gap for the next two years. The proposals relevant to this Portfolio area are appended to this report (Appendix B).
- 4.5. The Cabinet will consider the outcome of the PAG discussions at its February meeting when it will formulate a final draft of the overall 2014/15 budget for the Authority.

5. Budget Booklet

- 5.1. This report provides summary information on the budgets and highlights issues for consideration. The attached booklet presents the detailed information to assist Members in their decision making and includes sections on the following:
 - revenue budgets
 - fees and charges.

6. Revenue Budgets

- 6.1. The draft budgets presented to Members at this stage represent the net direct running costs of services. They do not contain the apportionment of support service charges such as accommodation, IT, finance etc. These will be included in the final approved budgets, once the budgets for these support services have been set. The budgets reflected in this report are therefore the direct costs under the Portfolio Holder's control.
- 6.2. The budgets have been reviewed by the appropriate service manager for any material volume or changes related to maintaining current service standards.
- 6.3. The net budget figures for the Portfolio are shown below. A more detailed breakdown by service is shown on page 3 of the booklet.

| Actuals 2012/13 £'000 | Budget 2013/14 £'000 | Draft Budget 2014/15 £'000 |
|-----------------------------|----------------------------|----------------------------------|
| 3,911 | 3,954 | 3,986 |

- 6.4. The increase from the current year's approved budget to the 2014/15 draft budget is £33,000 (0.8%). The main changes are detailed below:

| | £'000 | Comment |
|---|--------------------------------|--|
| 2013/14 Budget | 3,953 | |
| Change in salaries - Cost of living increase & increments | 48 | |
| Inflation - On expenditure - On fees & charges | 35 -1 | |
| Unavoidable increases - Reduction in HB / CTS admin Grant | 8 | |
| Shared Services - Project officers - Shared Principal Officer - Personnel - Joint Finance system | 28 31 -15 | Now have 2 project officers Team structure is being reviewed |
| Saving - Exec & Support - Pension Gratuities - Business Support - Northgate contract - Council Tax Support Hardship Fund | -12 -5 -10 -79 -15 | Various miscellaneous savings Number of claimants reduces over time Savings on website / intranet No longer include provision for bonus Demand has been lower than anticipated |
| Other Changes - NDR Discretionary Relief - Change to recharges to Trust - Other changes | -19 30 9 | Accounting change to how shown in accounts Net effect of appointment of Business Mgr |
| 2014/15 Draft Budget | 3,986 | |

6.5. Further details of the budgets for each area are shown within the booklet.

6.6. The Portfolio Holder is asked to consider the 2014/15 draft revenue budget and consider whether to approve this.

Risk Assessments

6.7. When considering the proposed budgets for the coming financial year it is important to be aware of the risks within the budgets. For this Portfolio the main risk areas are:

- Council Tax Support Scheme - The cost of implementing and then operating the new localised Council Tax Support Scheme.
- Housing benefits - the grant should ensure that in most cases 100% of benefit paid is reclaimable however the various incentive areas introduce some variability to this and given the large sums involved there is still a risk that the amount payable may differ from the standard rate as some costs may be ineligible for grant.
- For property leases there are risks if void levels are higher than budgeted.

6.8. The Portfolio Holder may wish to review what actions are proposed to attempt to manage and mitigate these risks.

6.9. An overall review of the main risk issues for the 2014/15 budget will be undertaken once the Cabinet has agreed a proposed budget. This review and proposed actions to mitigate the risks will be part of the final report to the Cabinet on the budget in February.

Service Reviews

- 6.10. As part of the joint working arrangements with Chiltern District Council, it is proposed that over time all services will be subject to detailed service reviews. It is anticipated that these reviews will improve quality and resilience, and reduce cost.

7. Fees and Charges

- 7.1. Included within the booklet are the list of proposed fees and charges for the Portfolio. All of the proposed fee increases have been built into the draft revenue budgets.
- 7.2. The fees and charges which are determined by the Council have mainly been increased by 2% unless a specific level of charge has been identified by Cost Centre Managers.
- 7.3. The Portfolio Holder is asked to consider the list of fees and charges and consider whether to approve these. Income may be in some service areas an important factor in reducing expenditure.

8. Conclusion

Members are requested to advise the Portfolio holder on the approval of the following items for onward submission to Cabinet:

- the 2014/15 revenue budget.
- the 2014/15 fees and charges.

| | |
|---------------------------|---|
| Officer Contact: | Rodney Fincham- Ext 7268 email: rodney.fincham@southbucks.gov.uk Jim Burness - Ext 7217 email: Jim.burness@southbucks.gov.uk |
| Background Papers: | None |

Appendix A: Corporate Plan 2012-22 (Aims and Priorities)

Corporate Plan Aims and Priorities:

| |
|---|
| Aim 1: Thriving Economy - lifelong enterprise, the entrepreneurial heart of Britain |
| <ul style="list-style-type: none"> • Ensure local businesses and families know where to find support during times of growth and in difficult times • Enable local people to live and work locally • Support a local economy which balances availability of labour with types and levels of employment, including developing skills required for the future • Increase affordable housing for local people entering the housing market, key workers and an ageing population • Help to keep essential services within our high streets and towns and village centres • Enable local people to benefit from the legacy of the 2012 Olympics |
| Aim 2: Sustainable and Clean Environment - protecting our heritage, protecting our future |
| <ul style="list-style-type: none"> • Support and educate residents and local businesses to achieve a reduction in carbon emissions and adapt to climate change. Lead by example • Place shaping - conserve and enhance towns and villages, whilst safeguarding the Green Belt • Review conservation areas and use key site briefs to take a proactive approach to plan ahead on specific sites • Continue to improve the street scene and cleanliness of the district • Monitor, protect and plan for improvements to the environment • Increase participation in recycling, reusing and reduce waste going to landfill |
| Aim 3: Safe Communities- - being safe, feeling safe |
| <ul style="list-style-type: none"> • Maintain reduced crime levels and the increase in clear up rates, in partnership • Lobby and work with the Police to achieve more effective policing • Reduce the impact of antisocial behaviour in our community • Reduce fear of crime • Encourage Bucks County Council to improve traffic management and road safety |
| Aim 4: Health and well-being - healthier, happier and longer lives |
| <ul style="list-style-type: none"> • Support the Health and Well-being Board and other partners in improving health and well-being of residents • Promote healthy lifestyles including reducing obesity particularly in young people • Design leisure services that encourage access for all, improve health and provide support for older and younger people • Reduce health inequalities and ensure comprehensive information on support and services is available to everyone • Deliver improved access to services, tailored to meet the needs of individuals and reduce social isolation |
| Aim 5: Cohesive and strong communities - strong, confident and active communities |
| <ul style="list-style-type: none"> • Increase community participation and volunteering and maintain support for the voluntary and community sector • Support individual Councillor engagement with their communities to feedback need • Encourage people to have their say and shape local decisions • Help communities to get on well together through encouraging and supporting community events • Better engagement with vulnerable and hard to reach groups to help improve community cohesion and tackle inequalities • Improve access to Council Services by encouraging use of the Council's website whilst improving other means of access for those without computers |

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**RESOURCES PORTFOLIO
2014/15 BUDGET PROPOSALS**

**RESOURCES POLICY ADVISORY GROUP
12th DECEMBER 2013**

Revenue Budgets

Revenue Summary (at net running expenses level)

Environment - Investment Properties - Chris Marchant

- Offices - Beaconsfield
- Offices - Brindley House
- Stoke Park
- Stoke Place
- Bath Road Depot
- Misc Land/Property
- Hsg Dwellings
- Caravan Site

Environment - Property & Facilities - Chris Marchant

- Property & Facilities
- Offices - Capswood

Executive & Support - Kay Mounteney

- Executive & Support
- Joint Working
- Performance & Improvement
- Personnel & Training

Finance - Finance - Rodney Fincham

- Non Distributed Costs
- Finance
- Corporate Management Costs
- Other Expenses
- Internal Audit

Business Support - ICT - Sim Dixon

- Information Technology

Customer Services - Revenues & Benefits - Nicola Ellis

- Revenues & Benefits Client
- Council Tax Collection
- NNDR Collection
- Council Tax Benefits
- Housing Benefits
- Print/Copy Services
- Reception

Legal & Democratic Services - Joanna Swift

- Legal Services
- Overview & Scrutiny
- Democratic Processes
- Committee Services

Fees and Charges

REVENUE SUMMARY - SBDC RESOURCES

Appendix

| 2012/13 ACTUALS | | 2013/14 BUDGET | 2013/14 EST OUTTURN* | 2014/15 BUDGET | CHANGE | CHANGE |
|--------------------|--|-------------------|-------------------------|-------------------|-----------|-------------|
| £ | | £ | £ | £ | £'000 | % |
| | <u>INVESTMENT PROPERTIES</u> | | | | | |
| (73,852) | Offices - Beaconsfield | (74,930) | (74,930) | (74,930) | | 0.0% |
| (30,886) | Offices - Brindley House | (29,490) | (29,490) | (29,500) | (0) | 0.0% |
| 306 | Stoke Park | | | | | - |
| (123,674) | Stoke Place | (118,690) | (118,690) | (119,910) | (1) | 1.0% |
| (9,003) | Bath Road Depot | 3,450 | 3,450 | 2,690 | (1) | -22.0% |
| (30,975) | Misc Land/Property | (34,920) | (34,920) | (34,840) | 0 | -0.2% |
| 7,107 | Housing Dwellings | 7,000 | 7,000 | 7,310 | 0 | 4.4% |
| (18,976) | Caravan Site | (16,500) | (16,500) | (17,000) | (1) | 3.0% |
| | <u>ENVIRONMENT</u> | | | | | |
| 157,711 | Property & Facilities | 175,160 | 175,160 | 209,020 | 34 | 19.3% |
| 638,306 | Offices - Capswood | 655,220 | 662,600 | 662,830 | 8 | 1.2% |
| | <u>EXECUTIVE & SUPPORT</u> | | | | | |
| 310,054 | Executive & Support | 327,500 | 327,500 | 330,850 | 3 | 1.0% |
| 427,045 | Joint Working | 33,700 | 33,700 | 61,770 | 28 | - |
| 56,418 | Performance & Improvement | 58,160 | 58,160 | 58,720 | 1 | 1.0% |
| 119,653 | Personnel & Training | 143,910 | 143,910 | 174,800 | 31 | 21.5% |
| | <u>FINANCE</u> | | | | | |
| 119,618 | Non Distributed Costs | 118,000 | 114,000 | 113,250 | (5) | -4.0% |
| 338,462 | Finance | 340,100 | 330,100 | 344,040 | 4 | 1.2% |
| 136,004 | Corporate Management Costs | 127,000 | 127,000 | 128,000 | 1 | 0.8% |
| 29,452 | Other Expenses | 21,070 | 21,070 | 21,550 | 0 | 2.3% |
| 30,226 | Internal Audit | 43,200 | 43,200 | 45,380 | 2 | 5.0% |
| | <u>BUSINESS SUPPORT</u> | | | | | |
| 672,348 | Business Support (IT) | 699,440 | 699,440 | 703,660 | 4 | 0.6% |
| | <u>CUSTOMER SERVICES</u> | | | | | |
| 151,417 | Revenues & Benefits Client | 162,110 | 162,110 | 165,000 | 3 | 1.8% |
| 258,771 | Council Tax Collection | 332,150 | 332,150 | 302,560 | (30) | -8.9% |
| (20,706) | NNDR Collection | (4,640) | (23,640) | (28,990) | (24) | 524.8% |
| (14,600) | Council Tax Benefits | 79,240 | 109,430 | 80,390 | 1 | 1.5% |
| 22,436 | Housing Benefits | 110,580 | 110,580 | 73,590 | (37) | -33.5% |
| 573 | Print/Copy Services | (11,370) | (11,370) | (11,370) | | 0.0% |
| 88,329 | Reception | 96,960 | 96,960 | 103,860 | 7 | 7.1% |
| | <u>LEGAL & DEMOCRATIC SERVICES</u> | | | | | |
| 275,713 | Legal Services | 283,190 | 283,190 | 283,320 | 0 | 0.0% |
| 60,451 | Overview & Scrutiny | 49,910 | 49,910 | 50,370 | 0 | 0.9% |
| 247,857 | Democratic Processes | 281,050 | 281,050 | 282,290 | 1 | 0.4% |
| 85,500 | Committee Services | 95,820 | 95,820 | 97,690 | 2 | 2.0% |
| 3,911,085 | Net Running Expenses | 3,953,380 | 3,957,950 | 3,986,400 | 33 | 0.8% |

* Estimated outturn figures taken from October 2013 monthly monitoring report.

Appendix

| 2012/13 ACTUALS | Offices - Beaconsfield | 2013/14 BUDGET | 2014/15 BUDGET |
|--------------------|----------------------------------|-------------------|-------------------|
| £ | | £ | £ |
| | Salary Costs | | |
| | Other Employee Expenses | | |
| 2,351 | Premises Related Expenses | 2,100 | 2,130 |
| | Transport Related Costs | | |
| 198 | Supplies & Services | 200 | 210 |
| | Third Party Payments | | |
| | Transfer Payments | | |
| 2,549 | Running Expenses | 2,300 | 2,340 |
| (76,401) | Fees & Charges and Other Income | (77,230) | (77,270) |
| | Recharge to CDC for Salary Costs | | |
| | Grant Income | | |
| (73,852) | Net Running Expenses | (74,930) | (74,930) |

This cost centre contains the cost of the Offices at Beaconsfield.

Premises: This budget is mainly for premises insurance.

Income: This is the income for the letting of the offices.

| 2012/13 ACTUALS | Offices - Brindley House | 2013/14 BUDGET | 2014/15 BUDGET |
|--------------------|---|-------------------|-------------------|
| £ | | £ | £ |
| 684 | Salary Costs Other Employee Expenses Premises Related Expenses Transport Related Costs Supplies & Services Third Party Payments Transfer Payments | 2,090 | 2,100 |
| 684 | Running Expenses | 2,090 | 2,100 |
| (31,570) | Fees & Charges and Other Income Recharge to CDC for Salary Costs Grant Income | (31,580) | (31,600) |
| (30,886) | Net Running Expenses | (29,490) | (29,500) |

This cost centre contains the cost of the Offices at Brindley House.

Premises: This is mainly the repair & maintenance budget.

Income: Rental income.

Appendix

| 2012/13 ACTUALS | Stoke Park | 2013/14 BUDGET | 2014/15 BUDGET |
|--------------------|---|-------------------|-------------------|
| £ | | £ | £ |
| 527 | Salary Costs Other Employee Expenses Premises Related Expenses Transport Related Costs Supplies & Services Third Party Payments Transfer Payments | | |
| 527 | Running Expenses | | |
| (221) | Fees & Charges and Other Income Recharge to CDC for Salary Costs Grant Income | | |
| 306 | Net Running Expenses | | |

This cost centre contained the cost of maintaining Stoke Park.

| 2012/13 ACTUALS | Stoke Place | 2013/14 BUDGET | 2014/15 BUDGET |
|--------------------|----------------------------------|-------------------|-------------------|
| £ | | £ | £ |
| | Salary Costs | | |
| | Other Employee Expenses | | |
| 12,023 | Premises Related Expenses | 11,940 | 12,300 |
| | Transport Related Costs | | |
| 167 | Supplies & Services | 170 | 170 |
| | Third Party Payments | | |
| | Transfer Payments | | |
| 12,190 | Running Expenses | 12,110 | 12,470 |
| (135,864) | Fees & Charges and Other Income | (130,800) | (132,380) |
| | Recharge to CDC for Salary Costs | | |
| | Grant Income | | |
| (123,674) | Net Running Expenses | (118,690) | (119,910) |

This cost centre contains the cost of maintaining Stoke Place.

Premises: This budget is for building repairs and insurance.

Income: This budget is mainly the Stoke Place rental income and recharge of insurance premiums.

Appendix

| 2012/13 ACTUALS | Bath Road Depot | 2013/14 BUDGET | 2014/15 BUDGET |
|--------------------|---|-------------------|-------------------|
| £ | | £ | £ |
| 997 | Salary Costs Other Employee Expenses Premises Related Expenses Transport Related Costs Supplies & Services Third Party Payments Transfer Payments | 13,470 | 12,710 |
| 997 | Running Expenses | 13,470 | 12,710 |
| (10,000) | Fees & Charges and Other Income Recharge to CDC for Salary Costs Grant Income | (10,020) | (10,020) |
| (9,003) | Net Running Expenses | 3,450 | 2,690 |

This cost centre contains the cost of maintaining the Bath Road Depot.

Premises: This budget is for repairs, electricity, NNDR and premises insurance.

Income: This budget is mainly for rental income.

| 2012/13 ACTUALS | Misc Land/Property | 2013/14 BUDGET | 2014/15 BUDGET |
|--------------------|---|-------------------|-------------------|
| £ | | £ | £ |
| 3,894 | Salary Costs Other Employee Expenses Premises Related Expenses Transport Related Costs Supplies & Services Third Party Payments Transfer Payments | 1,820 | 1,900 |
| 3,894 | Running Expenses | 1,820 | 1,900 |
| (34,869) | Fees & Charges and Other Income Recharge to CDC for Salary Costs Grant Income | (36,740) | (36,740) |
| (30,975) | Net Running Expenses | (34,920) | (34,840) |

This cost centre contains the costs relating to the other Council land / property.

Income: This is rental income from these assets.

Appendix

| 2012/13 ACTUALS | Housing Dwellings | 2013/14 BUDGET | 2014/15 BUDGET |
|--------------------|----------------------------------|-------------------|-------------------|
| £ | | £ | £ |
| | Salary Costs | | |
| | Other Employee Expenses | | |
| 10,232 | Premises Related Expenses | 9,330 | 10,790 |
| | Transport Related Costs | | |
| 18 | Supplies & Services | 20 | 20 |
| 7,554 | Third Party Payments | 8,380 | 8,380 |
| | Transfer Payments | | |
| 17,804 | Running Expenses | 17,730 | 19,190 |
| (10,697) | Fees & Charges and Other Income | (10,730) | (11,880) |
| | Recharge to CDC for Salary Costs | | |
| | Grant Income | | |
| 7,107 | Net Running Expenses | 7,000 | 7,310 |

This cost centre contains costs and income relating to a few housing properties.

Premises: This budget is for the leaseback of properties at Holtspur, plus minor repairs.

Supplies & Services: This budget is for insurances fees, which are recharged out.

Third Party Payments: This is to cover the grasscutting recharge.

Income: The income is mainly from the leaseback of the properties at Holtspur but also includes wayleaves and other minor income.

| 2012/13 ACTUALS | Caravan Site | 2013/14 BUDGET | 2014/15 BUDGET |
|--------------------|---|-------------------|-------------------|
| £ | Salary Costs Other Employee Expenses Premises Related Expenses Transport Related Costs Supplies & Services Third Party Payments Transfer Payments | £ | £ |
| (18,976) | Running Expenses Fees & Charges and Other Income Recharge to CDC for Salary Costs Grant Income | (16,500) | (17,000) |
| (18,976) | Net Running Expenses | (16,500) | (17,000) |

This cost centre contains the income from the rent of the caravan site.

Income: This is the rental income from the land at Wyatts Covert which is rented by the Cavarán Club.

Appendix

| 2012/13 ACTUALS | Property & Facilities | 2013/14 BUDGET | 2014/15 BUDGET |
|--------------------|----------------------------------|-------------------|-------------------|
| £ | | £ | £ |
| 221,500 | Salary Costs | 223,150 | 234,600 |
| 5,099 | Other Employee Expenses | 15,990 | 16,040 |
| | Premises Related Expenses | | |
| 7,232 | Transport Related Costs | 5,800 | 5,800 |
| 8,954 | Supplies & Services | 19,620 | 18,870 |
| | Third Party Payments | | |
| | Transfer Payments | | |
| 242,785 | Running Expenses | 264,560 | 275,310 |
| (47,920) | Fees & Charges and Other Income | (38,900) | (10,000) |
| (37,154) | Recharge to CDC for Salary Costs | (50,500) | (56,290) |
| | Grant Income | | |
| 157,711 | Net Running Expenses | 175,160 | 209,020 |

This cost centre contains the cost of running the Property & Facilities section.

Salary Costs: There are the following staff in this section:

Head of Environment - Joint Post
Facilities & Property Manager
Property & Development Manager
Landscape Assistant

Transport: These budgets are for the mileage claims and mileage allowances.

Supplies & Services: These budgets are for printing & stationery, mobile telephones and other minor business expenses.

Income: The recharge to the Trust will reduced due to the appointment of the Trust business manager.

| 2012/13 ACTUALS | Offices - Capswood | 2013/14 BUDGET | 2014/15 BUDGET |
|--------------------|----------------------------------|-------------------|-------------------|
| £ | Salary Costs | £ | £ |
| | Other Employee Expenses | | |
| 640,949 | Premises Related Expenses | 664,040 | 673,490 |
| | Transport Related Costs | | |
| 27,659 | Supplies & Services | 26,180 | 25,040 |
| | Third Party Payments | | |
| | Transfer Payments | | |
| 668,608 | Running Expenses | 690,220 | 698,530 |
| (30,302) | Fees & Charges and Other Income | (35,000) | (35,700) |
| | Recharge to CDC for Salary Costs | | |
| | Grant Income | | |
| 638,306 | Net Running Expenses | 655,220 | 662,830 |

This cost centre contains the cost of renting and maintaining the Capswood offices.

Salary Costs: There are no members of staff in the section as caretaking duties are provided under contract.

Premises: These are the budgets for the service charge, security, electricity, rent, NNDR and insurance for the building that the Council is responsible for.

Supplies & Services: These are the budgets for the vending machines and the limited off site storage that we rent.

Income: This is the budget for the rental income from contractors.

Appendix

| 2012/13 ACTUALS | Executive & Support | 2013/14 BUDGET | 2014/15 BUDGET |
|--------------------|----------------------------------|-------------------|-------------------|
| £ | | £ | £ |
| 432,665 | Salary Costs | 427,310 | 444,230 |
| 2,737 | Other Employee Expenses | 10,840 | 6,650 |
| | Premises Related Expenses | | |
| 1,149 | Transport Related Costs | 1,000 | 1,200 |
| 15,849 | Supplies & Services | 25,560 | 17,220 |
| | Third Party Payments | | |
| | Transfer Payments | | |
| 452,400 | Running Expenses | 464,710 | 469,300 |
| (6,336) | Fees & Charges and Other Income | (1,210) | (1,230) |
| (136,010) | Recharge to CDC for Salary Costs | (136,000) | (137,220) |
| | Grant Income | | |
| 310,054 | Net Running Expenses | 327,500 | 330,850 |

This cost centre contains the cost of running the Executive and Corporate Support section.

Salary Costs: There are the following staff in this section:

Chief Executive - Joint Post
 Director of Resources - Joint Post
 Director of Services - Joint Post
 Team Leader - Corporate Support (p/t)
 Administration Officer (x2)
 Administration Assistant

Transport: This budget is for mileage claims

Supplies & Services: These costs mainly relate to printing & stationery, insurances and other minor business expenses

Income: This is mainly the recharge of the joint Directors posts

| 2012/13 ACTUALS | Joint Working | 2013/14 BUDGET | 2014/15 BUDGET |
|--------------------|----------------------------------|-------------------|-------------------|
| £ | | £ | £ |
| 125,680 | Salary Costs | 15,800 | 43,630 |
| 245,908 | Other Employee Expenses | | |
| | Premises Related Expenses | | |
| | Transport Related Costs | | |
| 66,483 | Supplies & Services | 17,900 | 18,140 |
| | Third Party Payments | | |
| | Transfer Payments | | |
| 438,071 | Running Expenses | 33,700 | 61,770 |
| (11,026) | Fees & Charges and Other Income | | |
| | Recharge to CDC for Salary Costs | | |
| | Grant Income | | |
| 427,045 | Net Running Expenses | 33,700 | 61,770 |

This cost centre contains miscellaneous items of expenditure in regard to the joint working projects.

Salary Costs: This is the cost of the 2 joint shared services project officers.

Supplies & Services: Provision for external support for service reviews.
Will only be used if needed.

Appendix

| 2012/13 ACTUALS | Performance & Improvement | 2013/14 BUDGET | 2014/15 BUDGET |
|--------------------|----------------------------------|-------------------|-------------------|
| £ | | £ | £ |
| 44,926 | Salary Costs | 44,310 | 44,860 |
| 4,487 | Other Employee Expenses | 4,230 | 4,430 |
| | Premises Related Expenses | | |
| 121 | Transport Related Costs | 530 | 530 |
| 6,884 | Supplies & Services | 9,090 | 8,900 |
| | Third Party Payments | | |
| | Transfer Payments | | |
| 56,418 | Running Expenses | 58,160 | 58,720 |
| | Fees & Charges and Other Income | | |
| | Recharge to CDC for Salary Costs | | |
| | Grant Income | | |
| 56,418 | Net Running Expenses | 58,160 | 58,720 |

This cost centre contains the cost of running the Policy & Performance section.

Salary Costs: There are the following staff in this section:
 Performance & Improvement Officer (p/t)
 Policy Officer (p/t)

Transport: This budget is for mileage claims and mileage allowances.

Supplies & Services: These budgets mainly relate to the running costs for the performance management system and other minor business expenses.

| 2012/13 ACTUALS | Personnel & Training | 2013/14 BUDGET | 2014/15 BUDGET |
|--------------------|----------------------------------|-------------------|-------------------|
| £ | | £ | £ |
| 93,569 | Salary Costs | 119,540 | 151,930 |
| 21,277 | Other Employee Expenses | 14,930 | 15,730 |
| | Premises Related Expenses | | |
| 1,018 | Transport Related Costs | 2,020 | 700 |
| 20,165 | Supplies & Services | 23,550 | 22,570 |
| | Third Party Payments | | |
| | Transfer Payments | | |
| 136,029 | Running Expenses | 160,040 | 190,930 |
| (16,376) | Fees & Charges and Other Income | (16,130) | (16,130) |
| | Recharge to CDC for Salary Costs | | |
| | Grant Income | | |
| 119,653 | Net Running Expenses | 143,910 | 174,800 |

This cost centre contains the cost of running the personnel and training section.

Salary Costs: There are the following staff in this section:

Principal Personnel Officer - Joint Post
Policy & HR Manager (p/t)
Personnel Officer
Personnel Assistant

Employee Expenses: This includes £14K in respect of corporate training & development.

Transport: This budget is for mileage claims and mileage allowances.

Supplies & Services: These costs mainly relate to printing & stationery and other minor business expenses relating to P&T issues.

Income: Charge to the Trust for Support.

Appendix

| 2012/13 ACTUALS | Non Distributed Costs | 2013/14 BUDGET | 2014/15 BUDGET |
|--------------------|----------------------------------|-------------------|-------------------|
| £ | | £ | £ |
| 120,394 | Salary Costs | | |
| | Other Employee Expenses | 118,500 | 113,500 |
| | Premises Related Expenses | | |
| | Transport Related Costs | | |
| | Supplies & Services | | |
| | Third Party Payments | | |
| | Transfer Payments | | |
| 120,394 | Running Expenses | 118,500 | 113,500 |
| (776) | Fees & Charges and Other Income | (500) | (250) |
| | Recharge to CDC for Salary Costs | | |
| | Grant Income | | |
| 119,618 | Net Running Expenses | 118,000 | 113,250 |

This cost centre contains those costs that are specified in the Accounting Code of Practice as 'Non Distributed Costs' which is defined as those costs that do not relate to the provision of current services. Primarily these costs relate to any ongoing pension costs relating to retired employees.

Employee Expenses: These budgets are the ongoing payments to the Bucks County Council Pension Fund for added years pension payments and gratuity payments to a few ex employees who were not entitled to a pension.

Income: This is contributions from other authorities towards the gratuity payments.

| 2012/13 ACTUALS | Finance | 2013/14 BUDGET | 2014/15 BUDGET |
|--------------------|----------------------------------|-------------------|-------------------|
| £ | | £ | £ |
| 339,234 | Salary Costs | 339,030 | 352,360 |
| 3,245 | Other Employee Expenses | 4,320 | 4,560 |
| | Premises Related Expenses | | |
| 1,028 | Transport Related Costs | 500 | 500 |
| 55,794 | Supplies & Services | 58,320 | 77,030 |
| 13,634 | Third Party Payments | 13,500 | 14,250 |
| | Transfer Payments | | |
| 412,935 | Running Expenses | 415,670 | 448,700 |
| (37,647) | Fees & Charges and Other Income | (25,070) | (48,370) |
| (36,826) | Recharge to CDC for Salary Costs | (50,500) | (56,290) |
| | Grant Income | | |
| 338,462 | Net Running Expenses | 340,100 | 344,040 |

This cost centre contains the cost of running the Finance section.

Salary Costs: There are the following staff in this section:

Head of Finance - Joint Post
Principal Accountant (x2)
Accountancy Assistant (x2) (one p/t)
Finance Officer
Finance Assistant (x2) (both p/t)

Transport: This budget is for mileage claims.

Supplies & Services: Costs mainly relate to printing & stationery and the purchase of essential accountancy publications.
It also includes the managed service contract to maintain our accounting system, and the cost of the joint Finance system licenses.

Third Party Payments: This is mainly the cost of the contract with Aylesbury Vale District Council to provide our payroll system.

Fees and Charges: This includes the recharge of the joint finance system to CDC and the recharge to the Trust.

Appendix

| 2012/13 ACTUALS | Corporate Management Costs | 2013/14 BUDGET | 2014/15 BUDGET |
|--------------------|---|-------------------|-------------------|
| £ | | £ | £ |
| 149,438 | Salary Costs Other Employee Expenses Premises Related Expenses Transport Related Costs Supplies & Services Third Party Payments Transfer Payments | 127,000 | 128,000 |
| 149,438 | Running Expenses | 127,000 | 128,000 |
| (13,434) | Fees & Charges and Other Income Recharge to CDC for Salary Costs Grant Income | | |
| 136,004 | Net Running Expenses | 127,000 | 128,000 |

This cost centre contains those costs that are specified in the Accounting Code of Practice as 'Corporate Management Costs' which is defined as those activities and costs that provide the infrastructure that allows services to be provided, whether by the authority or not, and the information that is required for public accountability.

| | | |
|----------------------|---|---------|
| Supplies & Services: | The breakdown of these costs is as follows: | |
| | Publicity Notices | 2,500 |
| | Bank Charges | 32,000 |
| | Management Fees (Sector) | 6,500 |
| | Audit Fees | 86,000 |
| | | <hr/> |
| | | 127,000 |
| | | 128,000 |

| 2012/13 ACTUALS | Other Expenses | 2013/14 BUDGET | 2014/15 BUDGET |
|--------------------|----------------------------------|-------------------|-------------------|
| £ | | £ | £ |
| 20,324 | Salary Costs | 7,650 | 7,780 |
| | Other Employee Expenses | | |
| | Premises Related Expenses | | |
| 1,364 | Transport Related Costs | | |
| 12,773 | Supplies & Services | 13,430 | 13,770 |
| | Third Party Payments | | |
| | Transfer Payments | | |
| 34,461 | Running Expenses | 21,080 | 21,550 |
| (5,009) | Fees & Charges and Other Income | (10) | |
| | Recharge to CDC for Salary Costs | | |
| | Grant Income | | |
| 29,452 | Net Running Expenses | 21,070 | 21,550 |

This cost centre contains a number of miscellaneous items of expenditure.

Salary Costs: This is the budget for standby allowances.

Supplies & Services: The breakdown of these costs is as follows:

| | | |
|------------------------------|---------------|---------------|
| Insurances | 1,180 | 1,220 |
| Asset Disposal Costs | 2,500 | 3,500 |
| Bad Debt Provision | 5,000 | 5,000 |
| Annual Revaluation of Assets | 5,000 | 4,000 |
| Other | (250) | 50 |
| | <u>13,430</u> | <u>13,770</u> |

Appendix

| 2012/13 ACTUALS | Internal Audit | 2013/14 BUDGET | 2014/15 BUDGET |
|--------------------|----------------------------------|-------------------|-------------------|
| £ | Salary Costs | £ | £ |
| | | 10,000 | 10,860 |
| | Other Employee Expenses | | |
| | Premises Related Expenses | | |
| | Transport Related Costs | | |
| 176 | Supplies & Services | 50 | 180 |
| 35,250 | Third Party Payments | 33,150 | 39,700 |
| | Transfer Payments | | |
| 35,426 | Running Expenses | 43,200 | 50,740 |
| (5,200) | Fees & Charges and Other Income | | (5,360) |
| | Recharge to CDC for Salary Costs | | |
| | Grant Income | | |
| 30,226 | Net Running Expenses | 43,200 | 45,380 |

This cost centre contains the cost of maintaining an internal audit function.

Salary Costs: This is the cost of the Internal Audit manager - Joint Post

Third Party Payments: This is the gross cost of the internal audit contract.

Fees and Charges: Recharge to other bodies for joint internal audit reviews.

| 2012/13 ACTUALS | Business Support (IT) | 2013/14 BUDGET | 2014/15 BUDGET |
|--------------------|----------------------------------|-------------------|-------------------|
| £ | | £ | £ |
| 227,934 | Salary Costs | 227,080 | 234,560 |
| 5,150 | Other Employee Expenses | 3,600 | 3,600 |
| | Premises Related Expenses | | |
| 3,610 | Transport Related Costs | 4,910 | 4,910 |
| 126,569 | Supplies & Services | 146,910 | 136,820 |
| 331,805 | Third Party Payments | 341,500 | 348,330 |
| | Transfer Payments | | |
| 695,068 | Running Expenses | 724,000 | 728,220 |
| (22,720) | Fees & Charges and Other Income | (24,560) | (24,560) |
| | Recharge to CDC for Salary Costs | | |
| | Grant Income | | |
| 672,348 | Net Running Expenses | 699,440 | 703,660 |

This cost centre contains the cost of running the ICT section.

Salary Costs: There are the following staff in this section:

Head of Business Support - Joint Officer
ICT Manager
Website & ICT Officer
GIS Officer
GIS/LLPG Technician

Transport: This budget is for mileage claims and mileage allowances.

Supplies & Services: These costs are primarily the purchase of minor miscellaneous ICT equipment and ICT hardware & software maintenance costs.

Third Party Payments: This is the cost of the IT Facilities Management contract.

Income: Recharge to Trust for IT support.

Appendix

| 2012/13 ACTUALS | Revenues & Benefits Client | 2013/14 BUDGET | 2014/15 BUDGET |
|--------------------|----------------------------------|-------------------|-------------------|
| £ | | £ | £ |
| 99,201 | Salary Costs | 149,320 | 150,040 |
| 35,073 | Other Employee Expenses | 1,110 | 1,150 |
| | Premises Related Expenses | | |
| 2,411 | Transport Related Costs | 2,670 | 2,420 |
| 73,775 | Supplies & Services | 11,260 | 13,640 |
| | Third Party Payments | 250 | 250 |
| | Transfer Payments | | |
| 210,460 | Running Expenses | 164,610 | 167,500 |
| (5,043) | Fees & Charges and Other Income | (2,500) | (2,500) |
| | Recharge to CDC for Salary Costs | | |
| (54,000) | Grant Income | | |
| 151,417 | Net Running Expenses | 162,110 | 165,000 |

This cost centre contains the costs relating to the client side management of Revenues and Benefits. It also includes the cost of the anti fraud function.

Salary Costs: There are the following staff in this section:
Head of Customer Services (Part) - Joint Post
Revenues & Benefits Client Manager
Benefits Policy Officer
Fraud Officer - Shared Post

Transport: This budget is for mileage claims and mileage allowances.

Supplies & Services: This budget is for printing & stationery, insurances and other minor office costs. The printing of the Council Tax leaflet is undertaken at no cost to this Council as it is funded from advertising revenues and contributions from some of the other Bucks Authorities.

Third Party Payments: Budget for transcription service.

Income: This budget is for HB Admin Penalties.

| 2012/13 ACTUALS | Council Tax Collection | 2013/14 BUDGET | 2014/15 BUDGET |
|--------------------|----------------------------------|-------------------|-------------------|
| £ | | £ | £ |
| | Salary Costs | | |
| | Other Employee Expenses | | |
| | Premises Related Expenses | | |
| | Transport Related Costs | | |
| 30,930 | Supplies & Services | 39,010 | 38,010 |
| 350,386 | Third Party Payments | 393,140 | 364,550 |
| | Transfer Payments | | |
| 381,316 | Running Expenses | 432,150 | 402,560 |
| (122,545) | Fees & Charges and Other Income | (100,000) | (100,000) |
| | Recharge to CDC for Salary Costs | | |
| | Grant Income | | |
| 258,771 | Net Running Expenses | 332,150 | 302,560 |

This cost centre contains the cost of the Council Tax Collection function.

Supplies & Services: This budget is for court fees £8,000 and unrecoverable court cost debts £30,000.

Third Party Payments: This is the cost of the contract to provide the Council Tax Collection service.

Income: This budget is for court costs that are recovered following legal action to recover sums due.

Appendix

| 2012/13 ACTUALS | NNDR Collection | 2013/14 BUDGET | 2014/15 BUDGET |
|--------------------|----------------------------------|-------------------|-------------------|
| £ | | £ | £ |
| | Salary Costs | | |
| | Other Employee Expenses | | |
| | Premises Related Expenses | | |
| | Transport Related Costs | | |
| | Supplies & Services | 100 | 100 |
| 72,127 | Third Party Payments | 78,630 | 72,910 |
| 17,695 | Transfer Payments | 18,630 | |
| 89,822 | Running Expenses | 97,360 | 73,010 |
| (7,286) | Fees & Charges and Other Income | (7,000) | (7,000) |
| | Recharge to CDC for Salary Costs | | |
| (103,242) | Grant Income | (95,000) | (95,000) |
| (20,706) | Net Running Expenses | (4,640) | (28,990) |

This cost centre contains the cost of the NNDR Collection function.

Third Party Payments: This is the cost of the contract to provide the NNDR Collection service.

Transfer Payments: This was the cost of the NNDR Discretionary relief that falls to the Council to pay. This is now accounted for centrally.

Fees & Charges: This budget is for court costs that are recovered following legal action to recover sums due.

Grant Income: This budget is for Government Grant that is received to help towards collection.

| 2012/13 ACTUALS | Council Tax Benefits | 2013/14 BUDGET | 2014/15 BUDGET |
|--------------------|----------------------------------|-------------------|-------------------|
| £ | | £ | £ |
| | Salary Costs | | |
| | Other Employee Expenses | | |
| | Premises Related Expenses | | |
| | Transport Related Costs | | |
| | Supplies & Services | | |
| 156,767 | Third Party Payments | 122,310 | 113,410 |
| 3,128,236 | Transfer Payments | 30,000 | 15,000 |
| 3,285,003 | Running Expenses | 152,310 | 128,410 |
| | Fees & Charges and Other Income | | |
| | Recharge to CDC for Salary Costs | | |
| (3,299,603) | Grant Income | (73,070) | (48,020) |
| (14,600) | Net Running Expenses | 79,240 | 80,390 |

This cost centre contained the cost of running the Council Tax Benefit (CTB) section and the net cost of awarding CTB. Localisation of the scheme means that it is no longer accounted for through the General Fund

Third Party Payments: This is the cost of the contract to provide the CTS service.

Transfer Payments: Benefits are no longer accounted for through the General Fund, the budget is in respect of an additional hardship fund

Income: This budget is for the Government grant that is received to help towards the cost of running the service

Appendix

| 2012/13 ACTUALS | Housing Benefits | 2013/14 BUDGET | 2014/15 BUDGET |
|--------------------|----------------------------------|-------------------|-------------------|
| £ | | £ | £ |
| | Salary Costs | | |
| | Other Employee Expenses | | |
| | Premises Related Expenses | | |
| | Transport Related Costs | | |
| 189,520 | Supplies & Services | 1,500 | 1,500 |
| 286,169 | Third Party Payments | 291,620 | 271,520 |
| 14,599,104 | Transfer Payments | 14,025,200 | 14,530,000 |
| 15,074,793 | Running Expenses | 14,318,320 | 14,803,020 |
| (1,143) | Fees & Charges and Other Income | | |
| | Recharge to CDC for Salary Costs | | |
| (15,051,214) | Grant Income | (14,207,740) | (14,729,430) |
| 22,436 | Net Running Expenses | 110,580 | 73,590 |

This cost centre contains the cost of running the Housing Benefit (HB) section and the net cost of awarding HB.

Supplies & Services: This budget is for legal fees.

Third Party Payments: This is the cost of the contract to provide the HB service.

Transfer Payments: This is the amount of HB that is awarded in the year.

Income: This budget is for the Government grant that is received to help towards the cost of running the HB service and the grant that is payable to refund the cost of HB awarded.

| 2012/13 ACTUALS | Print/Copy Services | 2013/14 BUDGET | 2014/15 BUDGET |
|--------------------|----------------------------------|-------------------|-------------------|
| £ | | £ | £ |
| | Salary Costs | | |
| | Other Employee Expenses | | |
| | Premises Related Expenses | | |
| | Transport Related Costs | | |
| 3,998 | Supplies & Services | (10,370) | (10,370) |
| | Third Party Payments | | |
| | Transfer Payments | | |
| 3,998 | Running Expenses | (10,370) | (10,370) |
| (3,425) | Fees & Charges and Other Income | (1,000) | (1,000) |
| | Recharge to CDC for Salary Costs | | |
| | Grant Income | | |
| 573 | Net Running Expenses | (11,370) | (11,370) |

This cost centre is now used as a holding code for recharging photocopying costs directly to services.

This cost centre balances to nil once depreciation is taken into account.

Appendix

| 2012/13 ACTUALS | Reception | 2013/14 BUDGET | 2014/15 BUDGET |
|--------------------|----------------------------------|-------------------|-------------------|
| £ | | £ | £ |
| 68,752 | Salary Costs | 94,240 | 102,110 |
| 4,867 | Other Employee Expenses | 200 | 200 |
| | Premises Related Expenses | | |
| | Transport Related Costs | | |
| 20,441 | Supplies & Services | 3,620 | 2,650 |
| | Third Party Payments | | |
| | Transfer Payments | | |
| 94,060 | Running Expenses | 98,060 | 104,960 |
| (5,731) | Fees & Charges and Other Income | (1,100) | (1,100) |
| | Recharge to CDC for Salary Costs | | |
| | Grant Income | | |
| 88,329 | Net Running Expenses | 96,960 | 103,860 |

This cost centre contains the cost of running the reception service.

Salary Costs: There are the following staff in this section:
 Head of Customer Services (Part) - Joint Post
 Receptionist Team Leader
 Customer Services Officers (x3) (all p/t)

Supplies & Services: These budgets relate to the cost of staff uniforms, floral displays and other minor business expenses.

Income: This is various miscellaneous income.

| 2012/13 ACTUALS | Legal Services | 2013/14 BUDGET | 2014/15 BUDGET |
|--------------------|----------------------------------|-------------------|-------------------|
| £ | | £ | £ |
| 299,074 | Salary Costs | 243,590 | 250,440 |
| 10,292 | Other Employee Expenses | 15,880 | 9,860 |
| | Premises Related Expenses | | |
| 3,122 | Transport Related Costs | 4,120 | 4,120 |
| 33,003 | Supplies & Services | 24,600 | 23,900 |
| | Third Party Payments | | |
| | Transfer Payments | | |
| 345,491 | Running Expenses | 288,190 | 288,320 |
| (31,657) | Fees & Charges and Other Income | (5,000) | (5,000) |
| (38,121) | Recharge to CDC for Salary Costs | | |
| | Grant Income | | |
| 275,713 | Net Running Expenses | 283,190 | 283,320 |

This cost centre contains the cost of running the Legal section.

Salary Costs: There are the following staff in this section:
 Head of Legal & Democratic Services - Joint post
 Senior Assistant Solicitor (p/t)
 Principal Assistant Solicitor (p/t)
 Principal Legal Assistant
 Assistant Solicitor (x2)
 Admin Support Assistant (p/t) (90%)

Transport: This budget is for mileage claims and mileage allowances.

Supplies & Services: These costs mainly relate to printing & stationery, the purchase of essential legal publications, and outside solicitor support in the magistrates court

Income: This is various miscellaneous income.

Appendix

| 2012/13 ACTUALS | Overview & Scrutiny | 2013/14 BUDGET | 2014/15 BUDGET |
|--------------------|----------------------------------|-------------------|-------------------|
| £ | | £ | £ |
| 46,036 | Salary Costs | 45,580 | 46,020 |
| 18,562 | Other Employee Expenses | 750 | 750 |
| | Premises Related Expenses | | |
| 116 | Transport Related Costs | 460 | 460 |
| 1,409 | Supplies & Services | 3,120 | 3,140 |
| | Third Party Payments | | |
| | Transfer Payments | | |
| 66,123 | Running Expenses | 49,910 | 50,370 |
| (5,672) | Fees & Charges and Other Income | | |
| | Recharge to CDC for Salary Costs | | |
| | Grant Income | | |
| 60,451 | Net Running Expenses | 49,910 | 50,370 |

This cost centre contains the cost of running the Overview & Scrutiny support section.

Salary Costs: There are the following staff in this section:
Corporate Information Management Officer

Transport: This budget is for mileage claims.

Supplies & Services: These costs mainly relate to printing & stationery, and a budget for data protection expenses.

| 2012/13 ACTUALS | Democratic Processes | 2013/14 BUDGET | 2014/15 BUDGET |
|--------------------|----------------------------------|-------------------|-------------------|
| £ | | £ | £ |
| 1,808 | Salary Costs | 2,350 | 1,810 |
| 445 | Other Employee Expenses | 1,000 | 1,000 |
| | Premises Related Expenses | | |
| 7,093 | Transport Related Costs | 6,000 | 6,000 |
| 238,511 | Supplies & Services | 271,700 | 273,480 |
| | Third Party Payments | | |
| | Transfer Payments | | |
| 247,857 | Running Expenses | 281,050 | 282,290 |
| | Fees & Charges and Other Income | | |
| | Recharge to CDC for Salary Costs | | |
| | Grant Income | | |
| 247,857 | Net Running Expenses | 281,050 | 282,290 |

This cost centre contains the cost of Members' allowances and other Member related expenses.

Salary Costs: This is the budget for the National Insurance payable on Members' allowances, and the member training budget.

Transport: This budget is for Member travel claims and the hire of vehicles.

Supplies & Services: This budget is for Members Allowances, corporate subscriptions (LGA, South East Employers etc), and other minor business expenses.

Appendix

| 2012/13 ACTUALS | Committee Services | 2013/14 BUDGET | 2014/15 BUDGET |
|--------------------|----------------------------------|-------------------|-------------------|
| £ | | £ | £ |
| 73,565 | Salary Costs | 82,500 | 84,250 |
| 1,225 | Other Employee Expenses | 880 | 880 |
| | Premises Related Expenses | | |
| 1,045 | Transport Related Costs | 1,130 | 1,130 |
| 9,665 | Supplies & Services | 11,310 | 11,430 |
| | Third Party Payments | | |
| | Transfer Payments | | |
| 85,500 | Running Expenses | 95,820 | 97,690 |
| | Fees & Charges and Other Income | | |
| | Recharge to CDC for Salary Costs | | |
| | Grant Income | | |
| 85,500 | Net Running Expenses | 95,820 | 97,690 |

This cost centre contains the Committee Services Section

Salary Costs: There are the following staff in this section:
Democratic and Electoral Services Manager
Democratic and Electoral Services Officer (x2)
Admin Support Asst
Costs of the above are shared equally with the Electoral Services cost centre in the Community portfolio.

Transport: This budget is for mileage claims and mileage allowances.

Supplies & Services: This budget is for printing & stationery, insurances and other minor office costs.

RESOURCES PORTFOLIO REVISED CHARGES FROM 1 APRIL 2014

Appendix

VAT Codes: (1a)=inclusive standard rated (1b)=plus standard rated (2)=zero rated (3)=outside scope, (4)=exempt

| DATA PROTECTION ACT | General ledger code | 2013/14 £ | 2014/15 £ |
|---------------------|------------------------|--------------|--------------|
|---------------------|------------------------|--------------|--------------|

| | | | |
|-----------------------------|-----------|-------|-------|
| Subject Access Request (1a) | 2305-0937 | 10.00 | 10.00 |
|-----------------------------|-----------|-------|-------|

MISCELLANEOUS

| | | |
|---|---|---|
| Permission for works at Council property or related matters | Variable hourly rate appropriate for officer | Variable hourly rate appropriate for officer |
|---|---|---|

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| | | |
|-------------------|---|---|
| SUBJECT: | Joint Procurement Strategy | |
| REPORT OF: | Officer Management Team- Prepared by | Director of Resources - Head of Finance |

1. Purpose of Report

- 1.1. The purpose of this report is to present a Joint CDC / SBDC Procurement Strategy for approval.

2. Links to Council Policies & Plans

- 2.1. This report relates to maintaining effective governance arrangements, and improving value for money.

3. Report

- 3.1. Members will be aware of the shared arrangements that have been put in place between the two councils since February 2012, and of the ongoing move towards shared service delivery. However both councils remain firmly independent, keeping their separate identities and sovereignty, and run by their own locally elected members.
- 3.2. The move to a shared senior management team and greater shared services means that the financial affairs of the two councils are becoming linked. Officers from both Councils have, or will be, assuming responsibility for the affairs of either Council.
- 3.3. It is therefore appropriate to put in place a Joint Procurement Strategy to achieve operational effectiveness in the context of joint service delivery.
- 3.4. The proposed Joint CDC / SBDC Procurement Strategy is set out in Appendix 1.
- 3.5. The vast majority of elements of the existing individual authority procurement strategies have been encapsulated in the harmonised version.
- 3.6. The main difference is that CDC currently has a sustainable timber policy, whereas SBDC does not. However CDC members have already agreed that the new joint policy does not need to have a sustainable timber policy.
- 3.7. The Joint Procurement Strategy was approved in principle by CDC on 22 October 13 and CDC have agreed that once SBDC have reviewed the Joint Procurement Strategy the CDC Support Services Portfolio Holder can then either formally approve it (if only limited changes are proposed by SBDC) or refer this back to this Cabinet (if more substantive changes are proposed by SBDC).

4. Recommendation

That the Resources Portfolio Holder considers the Joint CDC / SBDC Procurement Strategy and approves this.

| | | |
|---------------------------|--|--|
| Officer Contact: | Rodney Fincham- Ext 7268 Jim Burness - Ext 7217 | email: rodney.fincham@southbucks.gov.uk email: Jim.burness@southbucks.gov.uk |
| Background Papers: | | |

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**Chiltern District Council
and
South Bucks District Council**

**JOINT PROCUREMENT
STRATEGY 2014**

Draft

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A What is Procurement?

1. Procurement is the process of acquiring goods, work and services from suppliers – this could include third parties, partners or in-house providers.
2. The process spans the whole life cycle from the identification of needs through to the end of a service contract, or the end of the useful life of an asset.
3. It is about securing services and products that best meet the needs of users and the local community in its widest sense.

B Aim of Strategy

4. The aim of this procurement strategy is to set a framework for procurement within the two authorities.
5. The size of the two authorities makes it unrealistic to dedicate an officer with the necessary experience and training to work exclusively on procurement matters. This strategy is therefore about improving the efficiency and effectiveness of the procurement function in a way that allows for incremental improvement in the organisations' practises and procedures.

C Procurement Objectives

6. The Councils' overall procurement aim is:
 "To obtain best value through planned and appropriate procurement in respect of goods, works and services required by the Councils for the sustainable delivery of their services."
7. The purpose of procurement is therefore to acquire goods, services or works in a way that:
 - supports the Councils' key objectives
 - secures best value for the money spent
 - is consistent with the highest standards of integrity
 - ensures fairness and transparency in awarding contracts
 - complies with all legal and Council requirements
 - takes account of sustainability issues
 - takes account of the duty to promote equality
 - supports the local economy and small / medium enterprises - taking into account the Councils' limited procurement capacity.

Appendix 1 sets out the Councils' detailed procurement principles.

D Responsibilities for Procurement

8. The Support Services Portfolio Holder (CDC) and the Resources Portfolio Holder (SBDC) are the Cabinet Members with overall responsibility for procurement.
9. The Councils' Management Team is responsible for ensuring that organisational arrangements are in place to deliver the Procurement Strategy and monitoring the action plan.
10. The Head of Finance has responsibility for maintaining the Procurement Strategy, and is responsible for co-ordinating and reviewing procurement across the organisations.
11. In general terms procurement responsibilities are decentralised, with Heads of Service being responsible for procurement in their respective service areas and for ensuring that staff have the necessary skills to deliver effective procurement.
12. All staff involved directly with the buying of goods, works and services are responsible for following all relevant guidance and procurement rules.

E Regulatory Framework

13. The Councils' must comply with EU legislation and Public Procurement rules.
14. The Government issues Procurement Policy Notes (PPNs). Although these PPNs primarily outline policy changes for central government departments, there are often implications or considerations for local government procurement.
15. The procurement of goods and services is regulated by the Councils' internal Contract Procedures Rules. The rules are the mandatory internal guidance which all officers and Members must follow.

F Local Arrangements

16. The Buckinghamshire authorities collaborate on an informal basis on procurement matters, and share a number of framework agreements.
17. Chiltern and South Bucks are both signatories to the Buckinghamshire Compact. This document sets out a framework for the working relationship between local public bodies and the voluntary and community sector in Bucks.
Add link to Compact when available.

G Procurement Performance Indicators

18. A number of key performance indicators have been identified against which procurement performance can be measured. These are set out in Appendix 2.

H Sustainability

19. Sustainability is an important aspect of the Councils' approach to procurement.
20. The key element of sustainable procurement are:
- Only use the minimum resources necessary to achieve the desired outcomes, and minimise waste ("Reduce, re-use, recycle").
 - When goods and services are procured the decisions need to be taken based on whole life costing, including carbon emission reductions.
21. In response to sustainability issues and national best practice guidance a separate policy on sustainable procurement has been drawn up and is attached as Appendix 3.

I Priorities for Further Action

22. Our priorities concentrate on those areas where there are tangible benefits to be obtained and quick win actions that can easily be implemented.

| Ongoing Actions | Target Date |
|--|------------------------|
| Continue to develop the publication of spend and contract information in line with the Government's policy of transparency in public bodies. | Ongoing |
| Continue to maintain the Joint Corporate Contracts Register. | Bi-Annually |
| Keep information regarding the Councils' procurement arrangements up to date and accessible on the Council websites | Ongoing |
| Continue to monitor performance against the Procurement Performance Indicators. | Annually |
| Monitor opportunities for the use of e-auctions and e-tendering. | As opportunities arise |
| Specific Actions | Target Date |
| When and where appropriate put joint CDC / SBDC contracts in place when current contracts expire. | As contracts expire |
| Produce harmonised CDC / SBDC Contract Procedure Rules. | 2013/14 |
| Produce a harmonised CDC / SBDC Procurement Guide. | 2013/14 |
| Produce harmonised CDC / SBDC Order Terms and Conditions. | 2013/14 |
| Update training for staff involved in the procurement process. | 2014/15 |
| Review layout and content related to procurement on the new SBDC website. | 2014/15 |
| Change to having a single purchasing card supplier for both CDC and SBDC | 2014/15 |

Appendix 1: Procurement Principles

Best Value

Procurement decisions should be made on the basis of best value for money ie the most economically advantageous offer.

Best Value is defined as “the optimum contribution of whole life costs and benefits to meet the customer’s requirement”.

Contracts should not be awarded on the basis of lowest initial price alone. There must always be an assessment of quality and the costs that will be incurred by the council throughout the life of the asset or contract period.

Another aspect to value for money is to challenge the way things are done and the way that services are provided.

Partnering and Collaboration

Partnership and collaborative working will be actively explored as a means of delivering services.

Award, Management and Control of Contracts

Due consideration will be given on the award of any contract to the issue of contract indexation and whole life costs.

Structures and processes shall be in place to ensure all contracts are adequately managed and monitored, with a view to achieving completion of service delivery on time, to budget and in accordance with the specification.

Assessing and Minimising Risk

The risks associated with all procurement shall be assessed and minimised appropriately.

In this way good procurement practices link to the Councils’ risk management strategy.

Qualified and Experienced Staff

Staff engaged in procurement and contract management will be suitably qualified and trained for the purpose.

Specialist advice will be sought in respect of procurement, contract management and sustainability when required.

Social, Economic and Environmental Wellbeing

All major procurement will recognise the impact on social, economic and environmental wellbeing within the district areas, taking into account sustainable use of resources, minimisation of pollution and other environmental and local issues.

Packaging of Major Projects or Works

All major procurement will have due regard to the issue of sustainability and early decisions will be taken to ensure that projects are packaged so as to encourage delivery in the most efficient manner and achieve what end users want and can afford.

Consideration will be given to whether better value for money could be achieved by grouping individual projects into a single, larger procurement to achieve economies of scale – this could include joint procurement in partnership with other organisations.

High Professional Standards and Best Practice

All procurement procedures will be operated in a professional manner and ensure the highest standards of transparency, probity and accountability.

Openness of dealings and adherence to the Councils' Codes of Conduct when dealing with suppliers is integral to good corporate governance.

Continuous Improvement

Where contracts are going to run for a number of years, the contract should be sufficiently flexible as to provide for continuous improvement throughout the period of the contract and be flexible enough to deal with changing circumstances.

Equality and Diversity

The Councils support supplier diversity, which means that they will ensure that their procurement processes provide equal opportunities for all suppliers to compete for contracts.

All members of staff involved in procurement will adhere to the Councils' Equalities Scheme(s) and ensure that these are reflected in procurement decisions and partnering arrangements.

The Councils' contract terms will reflect the equality requirements in place at the time of letting the contract.

Workforce Issues

Any procurement that potentially involves the transfer of Council staff, or contractor staff employed wholly on a Council contract, shall comply with the Transfer of undertakings (Protection of Employment) Regulations 2006 (TUPE) and the Code of Practice and statutory guidance for the operation of TUPE in the public sector, or any statutory modifications or re-enactment thereof.

Impact on the District

All major procurement contracts shall consider the impact on the social, economic and environmental well being of the Districts.

Tenderers will be given the opportunity in their tenders to indicate how their tender may assist the Councils in progressing their corporate aims and those of the Community Plan.

Doing Business with Small & Medium Enterprises

The Councils have adopted the Small Business Concordat. This is a voluntary, non statutory code of practice that sets out the actions that local authorities will take to make their contracts more accessible to Small and Medium sized enterprises (SMEs).

The purpose of the Concordat is to facilitate effective trade between local authorities and SMEs. Local authorities adopting the Concordat pledge a range of commitments, which include providing better access to contract opportunities.

The Councils have signed the Small Business Engagement Accord and agreed to involve and consult the local business community in its decision making processes.

The Councils have adopted the Prompt Payment Code and given a commitment to pay suppliers on time, to give clear guidance to suppliers and to encourage good practice.

Appendix 2: Procurement Performance Indicators

| Indicator | Rationale and expected impact on behaviour | CDC | | | SBDC | | | |
|---|---|--------------|--------------|--------------|---------|--------------|--|------------------------------------|
| | | 2010/11 | 2011/12 | 2012/13 | 2010/11 | 2011/12 | 2012/13 | Comments |
| Suppliers | | | | | | | | |
| Number of active suppliers on the finance system. | The aim is to amalgamate purchases with fewer suppliers, in order to generate economies of scale. Reducing the number of suppliers also helps reduce the amount of paperwork and makes it easier to manage the supplier database. Nb: The 2010/11 and 2011/12 CDC figures only relate to 'suppliers', as opposed to any organisation set up on the system to whom a payment can be made. | 520 | 499 | 905 | 752 | Not recorded | 1,061 | Improvement if less suppliers |
| % of active suppliers which are set up to allow BACs remittances to be emailed. | The aim is to ensure that if payment is made by BACs then the remittance advice is emailed, in order to reduce the amount of paperwork | Not recorded | Not recorded | Not recorded | 70% | Not recorded | 75% Bacs 224 Chq 41 EBacs 796 | Improvement if more are e-enabled. |
| Ordering | | | | | | | | |
| % of orders sent by email | The aim is to encourage orders to be sent electronically as these are more cost effective to process and are received quicker | Nil | Nil | Nil | 64% | 66% | 82% | Improvement if more are e-mailed. |
| Invoicing | | | | | | | | |
| Number of invoices paid | The aim is to encourage amalgamated invoicing to reduce the amount of paperwork. The move to fewer suppliers and a more streamlined focused Council will also help this indicator. Nb: The CDC figures exclude payments to individuals and direct debit invoices. | 2,993 | 2,986 | 3,383 | 4,229 | 4,015 | 4,067 | Improvement if less invoices. |
| Number of invoices under £50 | The aim is to reduce the number of small value payments as these are not cost effective to process. | 364 | 368 | 307 | 345 | 408 | 753 | Improvement if less invoices. |

| Indicator | Rationale and expected impact on behaviour | CDC | | | SBDC | | | Comments |
|--|--|---------|---------|---------|---------|---------|---------|---|
| | | 2010/11 | 2011/12 | 2012/13 | 2010/11 | 2011/12 | 2012/13 | |
| Number of invoices received electronically | The aim is to encourage invoices to be sent electronically as these are more cost effective to process. | Minimal | Minimal | Minimal | 397 | 304 | 943 | Improvement if more invoices received electronically. |
| Payment method | | | | | | | | |
| The % of payments made electronically (eg BACS, DD, payment cards) | The aim is to encourage more payments to be made electronically as this is more cost effective and involves less paperwork. Nb: The CDC figures include payments to individuals which are more likely to be cheque payments. | 90% | 90% | 91% | 94% | 96% | 98% | Improvement if more paid electronically. |

Appendix 3: Sustainable Procurement Policy

The Councils recognise that they have a vital role in furthering sustainable development, through their procurement of buildings, goods, works and services.

Procurement decisions have a major socio-economic and environmental implication, both locally and globally, now and for future generations.

The Councils will therefore strive to:

People, Education and Awareness

- Educate, train and encourage internal purchasers to review their consumption of goods and services, reduce usage and adopt more environmentally friendly alternative products.
- Communicate the sustainable procurement policy to all staff, suppliers and stakeholders.

Policy, Strategy & Procurement Process

General

- Promote and embed best practice for sustainable procurement.
- Work in partnership with other councils to maximise sustainable procurement gains.

Environmental products

- Consider the costs and benefits of socially and environmentally preferable goods, suppliers and services.
- Wherever possible and practicable, specify a requirement in line with nationally or regionally agreed minimum specifications.
For instance wherever possible, the Councils will purchase timber and wood derived products that are either from independently verifiable legal and sustainable or FLEGT licensed or equivalent sources, or recycled timber or wood derived products and suppliers to the council should demonstrate compliance with this by providing evidence under a scheme recognised by Central Point of Expertise on Timber (CPET).
- Where such exact specification is not possible, offer a facility for suppliers to submit offers for environmentally friendly alternatives.

Environmental construction, biodiversity & recycling

- Set targets for carbon emission reductions through carbon management.
- Set targets where appropriate for sustainable construction, refurbishment and maintenance through national standards such as BREEAM¹.

¹ BREEAM - An environmental assessment method and rating system for buildings

- Fulfil obligations under the Biodiversity duty (Natural Environment and Rural Communities Act 2006) as part of Sustainable Development plans.
- Investigate opportunities for recycling, reduced usage, bulk delivery and reduced or recyclable packaging.

Socio-Economic

- Fully support the Councils' commitment to the Small Business Friendly Concordat and VCS (Voluntary and Community Sector) Compact.
- Ensure that where appropriate and allowable, Sustainability Criteria are part of the supplier evaluation process and are used in the award of contracts.

Engaging Suppliers

- Communicate the Councils' sustainability objectives to our suppliers, together with the Councils' carbon emission reduction requirements.
- Encourage and persuade suppliers to adopt socially and environmentally friendly processes which underpin their supply of goods and services as part of their Corporate Social Responsibility.
- Address barriers to the Councils doing business with Small Business & Voluntary sectors.
- Address barriers to the Councils doing business with local suppliers.

Measurements and Results

- Collaborate with other councils to meet the sustainability targets set regionally or nationally.
- Support achievement of the authorities' targets for Sustainability and carbon management improvement.

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| | |
|-------------------|---|
| SUBJECT: | Bells Hill, Stoke Poges |
| 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 discuss the possible transfer of management of land at Bells Hill, to the Parish Council.

2. Links to Council Policy Objectives

- 2.1 This matter is related to the Council's medium-term aims of a thriving and sustainable district, which protects the Green Belt and character of the area and enhances the quality of the built environment.

3. Background

- 3.1. The new development at Bells Hill contains an area of amenity space - this is land owned and retained by the Council and did not form part of the Lease to Persimmon. This has been landscaped and maintained by the developer, Persimmon, during the construction of the development. The site is shown on the plan at Appendix A, edged in red.
- 3.2. A commuted sum of £70,000 to maintain the amenity space within the development has been paid by the developer to South Bucks District Council.
- 3.3. Now that the development has been completed, the District Council will resume the maintenance of the amenity space.

4.0 Discussion

- 4.1 The Parish Council has expressed an interest in taking over the maintenance of the amenity space. It is proposed that once the District Council's responsibility for the maintenance commences (officers are aiming to achieve this by the end of the year), the responsibility for the maintenance of the amenity space is transferred to the Parish Council under a lease agreement.
- 4.2 The advantage of this approach is that the amenity space can be managed locally.
- 4.3 The commuted sum payment that Persimmon Homes made to the District Council would be transferred to the Parish Council to enable them to invest the sum to fund the maintenance works.
- 4.4 The details of the maintenance required on the site and the exact nature of what can be undertaken on the site will be agreed between officers and the Parish Council.

4.5 The Parish Council would be required to liaise with the adjacent private flats managing agent, affordable housing provider and the Medical Centre as required.

4.6 The Lease is intended to be co-terminus with the Lease granted to Persimmons in 2006, and at a peppercorn rent to include a break-clause option.

5. Resources, Risk and Other Implications

5.1 It is proposed that the commuted capital sum of £70,000 that Persimmon Homes made to the District Council would be transferred to the Parish Council to enable them to carry out the works.

5.2 In the current financial situation the Council receives about 1.5% on the invested money so this equates to circa £1,050 per annum. This income would be lost but this would be cost neutral as this would be balanced by the cost savings in not having to maintain this site.

5.3 This transfer would lessen the burden on the District Council's limited landscape maintenance budget.

6. Summary and Recommendation

6.1 The PAG is asked to indicate whether the Portfolio Holder should recommend to Cabinet that

- i.) The responsibility for the maintenance of the amenity space should be undertaken by the Parish Council.
- ii.) The commuted sum of £70,000 be passed to the Parish Council.
- iii.) The exact legal mechanism to achieve this is delegated to the Head of Environment in consultation with the Head of Legal services and the Resources Portfolio Holder.

| | |
|--------------------------|---|
| Portfolio Holder: | Councillor D Smith |
| Officer Contact: | Simon Gray 01895 837321 email simon.gray@southbucks.gov.uk |
| Background papers | Previous reports on this matter. |

Appendix A. Plan of the site showing the Amenity space.



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| | | | |
|-------------------|--|-------------------------|--|
| SUBJECT: | Treasury Management Strategy 2014/2015 | | |
| REPORT OF: | Officer Management Team | - Director of Resources | |
| | Prepared by - | - Principal Accountant | |

1. Purpose of Report

- 1.1. To advise the Portfolio Holder on the Treasury Management Strategy & Annual Investment Strategy that should be adopted by the Council for 2014/2015.

2. Links to Council Policy Objectives

- 2.1. The Council's Treasury Management Strategy 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 adopted the CIPFA code of practice on Treasury Management in June 2002, which includes the creation of a Treasury Management Strategy, which sets out the policies, and objectives of the Council's treasury management activities for the year ahead.
- 3.2. The Local Government Act 2003 requires the Council to have regard to the Prudential code and to set Prudential Indicators for the next 3 years to ensure that the Council's capital investments plans are affordable, prudent and sustainable.
- 3.3. The Act requires the Council to set out its Treasury Strategy and to prepare an Annual Investment Strategy which sets out the Council's policies for managing its investments and for giving priority to the security and liquidity of those investments.
- 3.4. It is a statutory requirement under section 33 of the Local Government Finance Act 1992, for the Council to produce a balanced budget. In particular, section 32 requires a local authority to calculate its budget requirements for each financial year to include the revenue costs that flow from capital financing decisions. This, therefore, means that increases in capital expenditure must be limited to a level whereby increases in charges to revenue from:
 - Loss of investment interest caused by the use of capital receipts to finance additional capital expenditure.
 - Any increases in running costs from new capital projects.
 Are limited to a level which is affordable within the projected income of the Council for the foreseeable future as part of the Council's overall Financial Strategy.

- 3.5. The DCLG's investment guidance states that authorities could combine the Treasury Strategy Statement and the Annual Investment Strategy (AIG) into one report. The Treasury Management Strategy 2014/15 document is attached to this report.
- 3.6. Following discussions with Capita Asset Services, Treasury Solutions (Formerly Sector Treasury Services), the Council's treasury management advisors, the proposed target figure

for investment returns for 2014/2015 is £550K. This reflects the latest interest rate forecasts. This report seeks approval to the Strategy to achieve this target.

4. Treasury Management Strategy 2014/15

- 4.1. The Treasury Management Strategy 2014/15 attached to this report sets out the target for investment returns for 2014/15 and how this will be achieved against the background for the economy and the prospects for interest rates.
- 4.2 The Strategy sets out the economic background and prospects for interest rates in 2014/15.
- 4.3 The majority of interest is generated by Officers placing money in fixed deposits. The current policy is to stay relatively short on these investments in order to have liquid funds available to take advantage of investment opportunities and when interest rates begin to rise and to have cash available should any opportunities in the type of corporate bonds that the Council are looking for become available.
- 4.4 Current market returns on cash investments are historically low. This is primarily a result of the Funding for Lending Scheme and the Quantitative Easing strategy followed by the Bank of England which has depressed interest rates, The Governor of the Bank of England, Mark Carney, and the MPC have indicated that an increase in interest rates will not be considered until at least unemployment reaches 7% of the workforce. Current expectations are that as the economy begins to grow an increase in interest rates is coming however this is not expected until sometime in 2015 at the earliest.
- 4.5 In 2013/14 the Council has a larger capital programme than it has had for many years mainly due to the capital expenditure on the new refuse & recycling arrangements and the works at Dropmore Road Depot. This capital expenditure will lead to a reduction in core capital balances that are available for investment and subsequently a reduction in future interest returns.
- 4.6 In summary the Council faces future falls in interest returns due to a combination of reduced capital balances available for investment and the current depressed interest rate environment. However with the economy now beginning to grow an upward movement is predicted in the near future it is unlikely that such a move will return to be of benefit to the Council in 2014/15. The recommended policy for the coming year is therefore to remain in short term cash until the position with future interest rates become clearer and look for opportunities should they arise for longer term investments particularly in corporate bonds if the return is thought to be of benefit in the later term of the investment.

5. Banking Services

- 5.1 The Council currently has its banking services provided by NatWest, under an agreement that had been extended to the end of 2015/16. The extension had been agreed in order to allow for a joint tendering exercise to be undertaken with Chiltern DC, whose current banking arrangements also finish at the end of 2015/16.
- 5.2 Chiltern DC currently has its banking services provided by the Co-op Bank, who have recently informed their local authority clients that they will be exiting this sector of business over the coming few years as existing arrangements expire, or if local authorities wish to end them earlier.
- 5.3 Chiltern DC is likely to take advantage of the opportunity to exit early from their current contract. This means that a joint tender exercise could be started early in 2014 and

concluded by the end of the year. NatWest have informally advised officers that they would have no objections to an earlier tendering exercise, and would not hold the Council in such circumstances to the current agreement to the end of 2015/16.

- 5.4 The possibility of having a single banking provider for the two Councils offers efficiency benefits if the two Councils agree in 2014 to have a shared finance team. There may also be some marginal cost benefits, current bank charges are around £26k per annum.

6. Resources, Risk & Other Implications

- 6.1. The budget for investment interest was set as £775,000 for 2013/14. Current estimated returns shows that there is likely to be an underachievement for the year of £75K.
- 6.2. For 2014/15 investment income will be based on total core cash reserves of £17.5m in line with the medium term financial strategy. In addition officers invest surplus cash flow during the year and estimated returns are based on short-term interest rates remaining within the range of 0.30% to 1.50%.
- 6.3. Based upon the recommendations outlined in the Treasury Management Strategy 2014/15 attached the estimated investment returns for 2014/15 is £550K a reduction of £225,000 from the current year's original budget.
- 6.4. This target for investment income reflects the latest forecasts for interest rates. It is regarded as realistic and achievable. Loss of £35K of investment income is equal to £1 Council Tax on a band D property
- 6.5. As stated the investment returns are based upon a level of balances for 2014/15 of £17.5m. The estimated capital programme shows that this is realistic based on the latest programme. It is because of the level of balances that the Council hold that it will remain a debt free authority.
- 6.6. As with any budget based on forecasts of future interest rates there is a risk of variation due to factors outside of the Council's control. This risk will need to be taken into account in determining the level of reserves held by the authority.

7. Summary

- 7.1. The PAG is requested to:

1. Advise the Portfolio Holder to recommend the Treasury Management Strategy 2014/15 to the Cabinet and Council, including :

Approving the following appendices:

- Appendix B the Annual Investment Strategy.
- Appendix E the Prudential Indicators, including the borrowing limits.
- Appendix F approve the MRP method to be used in 2014/15.

2. Advise the Portfolio Holder that because of the level of capital balances held that the Council remain a debt free authority.

3. Advise the Portfolio Holder to recommend to Cabinet that the authority undertakes a joint tender exercise for banking services with Chiltern DC in 2014, the details of any procurement exercise being delegated to the Portfolio Holder to approve on the advice of the Director of Resources.

| | |
|---------------------------|--|
| Officer Contact: | Howard Woodbridge, 01895 837319 email: howard.woodbridge@southbucks.gov.uk |
| Background Papers: | None |

South Bucks District Council
Treasury Management Strategy 2014/2015

1. Background

- 1.1. The Council adopted the CIPFA code of practice on Treasury Management in June 2002, which includes the creation of a Treasury Management Strategy, which sets out the policies, and objectives of the Council's treasury management activities for the year ahead.
- 1.2. In the light of the Icelandic situation in 2008, CIPFA has amended the CIPFA Treasury Management in the Public Services Code of Practice (the Code), Cross -Sectoral Guidance Notes and Guidance Notes and the template for the revised Treasury Management Policy Statement. It is also a requirement that the Council formally adopt the Code which it did on 23rd February 2010. For Members information the requirements of the Code are detailed below.
- 1.3 The revised Code is built largely on what was recommended practise in the previous version, but does place greater 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, these are shown as at appendix A which also sets out the scheme of delegation and the treasury management role of the section 151 officer.
 - 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 very 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 DC this requirement is met by the regular reports to the Resources Portfolio Holder. The reporting of performance will compare the overall return of the portfolio with CPI for information.
 - j) Each council must delegate the role of scrutiny 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 subjected to prior scrutiny. This is achieved via the regular discussions on Treasury Management at the RPAG.
- l) Members should be provided with access to relevant training e.g. the session that was run in November 2011 in conjunction with the Council's Treasury Management advisers and was open to all members of the Council to attend.
- m) Those charged with governance are also personally responsible for ensuring 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 (this will form part of the updated Treasury Management Practices).

1.4 This strategy statement has been prepared in accordance with the revised Code. As in previous years the Council's Treasury Management Strategy will be approved annually by the full Council. In addition there will also be quarterly monitoring reports to the Resources PAG one of which will be the annual report. In addition the Resources Portfolio Holder will be emailed each month with a spreadsheet showing where the Council's investment portfolio has been invested. The aim of these reporting arrangements is to ensure that those with ultimate responsibility for the treasury management function appreciate fully the implications of treasury management policies and activities, and those implementing policies and executing transactions have properly fulfilled their responsibilities with regard to delegation and reporting.

1.5 The Council will adopt/reaffirm 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 |

Appendix

- 1.6. The Local Government Act 2003 and supporting regulations requires the Council to have regard to the CIPFA Prudential code and the CIPFA Treasury Management Code of Practice to set Prudential and Treasury Indicators for the next three years to ensure that the Council's capital investments plans are affordable, prudent and sustainable.
- 1.7. The Act requires the Council to set out its Treasury Strategy and to prepare an Annual Investment Strategy which sets out the Council's policies for managing its investments and for giving priority to the security and liquidity of those investments.
- 1.8. It is a statutory requirement under section 33 of the Local Government Finance Act 1992, for the Council to produce a balanced budget. In particular, section 32 requires a local authority to calculate its budget requirements for each financial year to include the revenue costs that flow from capital financing decisions. This, therefore, means that increases in capital expenditure must be limited to a level whereby increases in charges to revenues from :
 - Loss of investment interest caused by the use of capital receipts to finance additional capital expenditure.
 - Any increases in running costs from new capital projects.

are limited to a level which is affordable within the projected income of the Council for the foreseeable future.

- 1.9. The DCLG's investment guidance states that authorities could combine the Treasury Strategy Statement and the Annual Investment Strategy (AIS) into one report and the AIS supporting this Strategy Statement is attached as Appendix B.
- 1.10. The Council employs Capita Asset Services, Treasury Solutions (Formerly Sector Treasury Services Ltd) as its external treasury management consultants. The Council recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon our external service providers. It is recognised that there is value in employing an external provider in order to access specialist skills and resources. The Council contract with Capita Asset Services is a joint one with Chiltern District Council for a 3 year period and commenced on 1st July 2013.
- 1.11. Following discussions with Capita Asset Services the proposed target figure for investment returns for 2014/2015 is £550,000.
- 1.12. This Strategy seeks approval for this level of return, how realistic it is and sets out how it can be achieved.

2. Current Portfolio Position

- 2.1. Investment Criteria - Investment income is mainly generated by Officers placing money in callable or fixed deposits with approved counter parties. When making the decision to invest Officers take into account security, liquidity and yield which are inter-related and the balance of the three is determined by the authority's needs and risk appetite. Decisions to invest are made following discussion between the Director of Resources and the Principal Accountant both of whom have been involved in treasury management for many years. The discussion on investment is based upon information that is available from the Council's treasury consultants, Capita Asset Services, 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 made by Officers as part of the Treasury Management Strategy 2013/14 as follows:

| | Duration | Maximum Amount | Fitch Rating | Comment |
|----------------------------|---------------|----------------|----------------|---------------------------------|
| UK Institutions | Up to 5 years | £5m | A- or better | |
| | Up to 3 years | £5m | BBB+ or better | |
| Non UK Institution | Up to 3 years | £2m | A- or better | Sovereignty rating AA or better |
| Corporate Bonds/Bond Funds | Up to 5 years | £5m | A- or better | |

As part of the TMS 2013/14 Officers were asked to investigate the diversification of up to £5 million of the investment portfolio into corporate bonds. Officers were tasked at looking in the non-financial sectors, in order to spread risk on the investments. However due to the effect that the Bank of England's Quantative Easing programme has had on bond yield, no investments with a sufficiently attractive return have been identified.

2.3 A summary of the Council's current (at the end of October 2013) holdings of fixed deposits invested for a period in excess of one year is shown below:

| UK Institutions | October 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 | | | | |
| Lloyds Bank | A | | | | | |
| Fixed Deposit | | 1,000,000 | 3 Month Libor, Floor 2.85%, Cap 5.85% | 11/05/10 | 12/05/15 | |
| Fixed Deposit | | 1,000,000 | 3 Month Libor, Floor 3.07%, Cap 5.00% | 19/05/10 | 19/05/15 | |
| Total Lloyds Group | | 2,000,000 | | | | |
| Barclays Bank | 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 | | | | |
| Close Brothers | A | | | | | |
| Fixed Deposit | | 1,000,000 | 2.70% | 22/02/13 | 22/08/14 | |
| Fixed Deposit | | 1,000,000 | 1.50% | 12/04/13 | 13/10/14 | |
| Fixed Deposit | | 1,000,000 | 1.20% | 05/07/13 | 05/09/14 | |
| Total Close Brothers | | 3,000,000 | | | | |
| Total Deposits | | 13,000,000 | | | | |

(1) RBS have the option to switch to 3 month LIBOR¹ in years 3, 4 & 5.

¹ LIBOR - London Inter Bank Offered Rate

Appendix

(2) RBS have taken their option to switch to 3 month LIBOR in years 2 & 3.

In addition the Officers invest short term cash flow. Short term reserves are required mainly in the last quarter of the year when council tax and grant payments tail off but precept payments continue. A summary of the Council's current short term cash holdings with a maturity of less than one year is shown below.

| | Fitch | Amount £ | Interest Rate | Period |
|------------------|-------|------------|---------------------------|--------------------------|
| Nat West Bank | A | 6,626,000 | Base Less 20 Basis Points | Instant Access |
| Nat West Bank | A | 1,500,000 | 0.60% | 95 Day Notice - 01/11/13 |
| Nat West Bank | A | 1,500,000 | 0.60% | 95 Day Notice - 05/11/13 |
| Nat West Bank | A | 1,000,000 | 0.60% | 95 Day Notice - 15/01/14 |
| Bank of Scotland | A | 1,000,000 | 0.70% | 27/08/13 to 27/11/13 |
| Bank of Scotland | A | 1,000,000 | 0.70% | 21/10/13 to 23/01/14 |
| Barclays Bank | A | 1,000,000 | 0.63% | 14/10/13 to 16/06/14 |
| Total | | 13,626,000 | | |

There is a high level of short term cash investments at the current time which is due to cash flow being held to fund future possible investments in corporate bonds and to fund major capital projects in the next few months including the Dropmore Road Depot development and the new waste scheme.

3. Prospects for Interest Rates and Economic Background

3.1 Part of the service provided by the Council's treasury management advisers is to assist the Council to formulate a view on interest rates. Appendix C draws together a number of current forecasts for short term (the Bank Rate) and longer fixed interest rates. The following table gives the Capita Asset Services central view on the bank rate and short term money rates.

| | 2014/15 | | | | 2015/16 | | | | 2016/17 | | | |
|-----------|---------|-------|-------|-------|---------|-------|-------|-------|---------|-------|-------|-------|
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 |
| Bank Rate | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.75% | 1.00% | 1.25% |
| 3 M LIBID | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.60% | 0.70% | 0.90% | 1.00% |
| 6M LIBID | 0.60% | 0.60% | 0.60% | 0.60% | 0.60% | 0.60% | 0.60% | 0.70% | 0.80% | 1.00% | 1.20% | 1.40% |
| 12M LIBID | 0.80% | 0.80% | 0.80% | 0.80% | 0.80% | 0.90% | 1.00% | 1.20% | 1.40% | 1.60% | 1.80% | 2.00% |

Capita Asset Services forecast that by the end of the March 2017 quarter the bank rate will be 1.25% with LIBID rates at 1.00 % 3 month, 1.40 % 6 months and 2.00% 12 months.

A detailed view of the current economic background is shown in appendix D with the Capita Asset Services view shown below.

3.2 Capita Asset Services View

Until 2013, the economic recovery in the UK since 2008 had been the worst and slowest recovery in recent history. However, growth rebounded in quarter 1 and 2 of 2013 to exceed expectations. Growth prospects remain strong looking forward, not only in the UK economy as a whole, but in all three main sectors, services, manufacturing and construction. One downside is that wage inflation continues to remain significantly below CPI inflation so disposable income and living standards are under pressure, although income tax cuts have ameliorated this to some extent.

A rebalancing of the economy towards exports has started but as 40% of UK exports go to the Eurozone, the difficulties in this area are likely to continue to dampen UK growth. The US, the main world economy, faces similar debt problems to the UK, but thanks to reasonable growth, cuts in government expenditure and tax rises, the annual government deficit has been halved from its peak without appearing to do too much damage to growth.

The current economic outlook and structure of market interest rates and government debt yields have several key treasury management implications:

- Although Eurozone concerns have subsided in 2013, Eurozone sovereign debt difficulties have not gone away and there are major concerns as to how these will be managed over the next few years as levels of government debt, in some countries, continue to rise to levels that compound already existing concerns. Counterparty risks therefore remain elevated. This continues to suggest the use of higher quality counterparties for shorter time periods.
- Investment returns are likely to remain relatively low during 2014/15 and beyond. Realistically it still seems that the earliest an increase in rates could be anticipated is the latter part of 2015.

4 Achieving the investment target in 2014/15

4.1 The Council has as part of the funding strategy for its revenue budget an assumption that interest earned on cash investments will be used to support the council tax, and by implication that the Council will continue to be debt free. For the current financial year the budget for investment income is £775k although this will not be achieved.

4.2 There are two elements to the Council's cash balances. Firstly there is the element that relates to the Council's working balance and from its cashflow over the course of the year. These cash balances need to be kept in a very liquid form with investments of one year or less duration. Secondly there is the element of cash retained primarily for investment purposes, this can be invested for longer periods and does not need to be so liquid. Broadly speaking this second element is around £17.5m.

4.3 In undertaking investments the Treasury Management Code of Practice sets out three important principles to have regard to:

- Security of Capital
- Liquidity
- A return consistent with these principles.

In recent years since the Icelandic Banks issue, authorities have been encouraged to see security as the most important principle.

4.4 The Council's current core investment portfolio has had diversification and is split between short term investments of up to one year and those with a longer duration of up to five years. Investing an element of the portfolio with a longer duration than most other local authorities has in recent years given the Council a better return on its investment compared to the sector average.

4.5 Current market returns on cash investments are historically low. This is primarily a result of the Funding for Lending Scheme and the Quantitative Easing strategy followed by the Bank of England which has depressed interest rates.

4.6 Since the new Governor of the Bank of England, Mark Carney, attended his first MPC meeting in July 2013 the MPC has indicated a future trend for interest rates along with the traditional interest rate announcement. Recent indications are that there would be no increase in the bank rate until the unemployment indicator was less than 7% of the total

Appendix

workforce. This indicator is currently 7.6% and forecasts are currently showing that the central bank rate will not increase until the third quarter of 2016 however there are indications that increased growth forecasts may bring this date forward by one or two quarters.

- 4.7 On 13th November Mark Carney said that the recovery was now beginning to take off and forecasts for growth in 2014 were upgraded however even though unemployment may reach 7% earlier than predicted a few months ago he reiterated the point that 7% is just a staging post and not an automatic trigger. The Bank will take into account a range of factors, employment levels, inflations, growth in the various sectors of the economy, as well as global economic factors before coming to any decision on rate rises. It is probably also highly likely that any increases would be small and spread over time in order to allow companies and individuals to adjust to any changes.
- 4.8 The depressed interest rate market and the issues around having a range of acceptable counterparties have proved to be a problem when the longer term investments that the Council have within its investment portfolio reach their maturity. At a time where interest rates have been and continue to be low these longer term investments which were made when rates were considerably higher have helped to underpin the return on investments each year. However it is proving difficult in the current climate to reinvest these at a return anywhere near to that which had previously been achieved for anything long term and subsequently these maturities have been reinvested on a short term basis only.
- 4.9 As a result of the period of low interest Members considered alternative investments to cash as part of the Treasury Management Strategy 2013/14 and following further investigation by Officers Members agreed that investing up to £5 million of the Council's investment portfolio in individual Corporate Bonds did have advantages and should proceed when market conditions were appropriate.
- 4.10 Following further consideration of available bonds Members decided that investment should be in UK bonds within the utilities sector. Following discussion between the Resources Portfolio Holder and the Director of Resources the search for bonds was extended further to include telecommunications and pharmaceuticals.
- 4.11 There have been few bonds that have become available under the extended search that meet the Council's investment criteria however nothing with an effective interest rate (the calculated interest rate that the Council would receive taking into account the purchase price of the bond) that have been particularly appealing. The search for the correct bonds for the Council to purchase therefore continues.
- 4.12 In 2013/14 the Council has a larger capital programme than it has had for many years mainly due to the capital expenditure on the new refuse and recycling arrangements due to be rolled out in January /February 2014 and the capital works required at Dropmore Road Depot. This capital expenditure will lead to a reduction in core capital balances available for investment and subsequently a reduction in future interest returns.
- 4.13 In summary the Council faces future falls in interest returns due to a combination of reduced capital balances available for investment and the current depressed interest rate environment. However with the economy now beginning to grow an upward movement in interest rates is predicted at some point in the near future with a return to the more historic volatile movement in rates within a banding more likely rather than the static low rates we have seen in the past few years. It is unlikely that this move will return to be of benefit to the Council in 2014/15 but may help in improving returns in future years. The proposed policy therefore for the coming year is to remain in short term cash until the position with future interest rates becomes clearer but looking for opportunities should they arise for longer term investments particularly in corporate bonds if the return is thought to be of benefit in the later term of the investment. Based upon this policy it is

thought to be realistic to set the estimated return from investments for 2014/15 at £550,000 a reduction of £225,000 from the current year's budget.

5 Stoke Poges Memorial Gardens Fund

- 5.1 The investment returns from the fund is no longer credited directly to the Stoke Poges Memorial Gardens Fund cost centre but has been incorporated with all of the Council's other investment returns.
- 5.2 Due to the current cost of buying a new bond it is current policy to reinvest any maturities within the Council's cash investments. There is one maturity due from the Stoke Poges Memorial Gardens Fund in 2014/15. The current market value of the fund is £1,327,054.21.

6 Financial Summary & Risks

- 6.1 The budget for investment interest was set as £775,000 for 2013/14. Current estimated returns show that there is likely an underachievement for the year of £75,000.
- 6.2 For 2014/15 investment income will be based on total core cash reserves of £17.5m in line with the medium term financial strategy. In addition officers invest surplus cash flow during the year and estimated returns are based on short-term interest rates remaining within the range of 0.30% to 1.50%.
- 6.3 Based upon the recommended Strategy outlined above the estimated investment returns for 2014/2015 is £550K
- 6.4 This target for investment income reflects the latest forecasts for interest rates. It is regarded as realistic and achievable. Loss of £35,000 of investment income is equal to £1 council tax on a band D property.
- 6.5 As stated the investment returns are based upon a level of balances for 2014/15 of £17.5m. The estimated capital programme shows that this is realistic based on the latest programme. It is because of the level of capital receipts that the Council hold that it will remain a debt free authority.
- 6.6 As with any budgets based on forecasts of future interest rates there is a risk of variation due to factors outside of the Council's control. This risk will need to be taken into account in determining the level of reserves held by the authority.
- 6.7 The Local Government Act 2003 sets out the new capital regulations and specifies that local authorities must comply with the Prudential Code produced by CIPFA. The Council has a duty to determine an affordable borrowing limit. As a debt free authority this would be nil, however the regulations also incorporate the limit for temporary borrowing required to cover short term cash flow. Whilst the Council has not needed to undertake any temporary borrowing since 1990/1991 it is necessary under statute to approve a limit in case the circumstances arise should it be required. It is recommend that Members approve an authorised borrowing limit of £3.5 million and an operational borrowing limit of £3 million, these together with other prudential indicators that the Council are required to set under the code are shown at Appendix E.

Appendices

A - Revised Policy Statements and CIPFA Code

Appendix

B - Annual Investment Strategy

C - Interest Rate Forecasts

D - Economic Background

E - Prudential Indicators

F - Minimum Revenue Provision

APPENDIX A

Treasury Management Policy Statement

1. This organisation defines its treasury management activities as “The management of the authority’s investments 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.”
2. 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.
3. 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

Introduction

The CIPFA Code of Practice on Treasury Management in Local Authorities was last updated in 2001 and has been revised in 2009 in the light of the default by Icelandic banks in 2008. The revised Code requires that a report be submitted to the council, board or other appropriate body, setting out four amended clauses which should be formally passed in order to approve adoption of the new version of the Code of Practice and Cross-Sectoral Guidance Notes. This was approved by the Council on 23rd February 2010.

The revised Code also includes an amended version of the treasury management policy statement (TMPS) incorporating just three clauses and a revised definition of treasury management activities. The Code does not require this statement to be approved by the council, board or other appropriate body.

The revised Code has also set out various requirements which have been summarised in paragraph 1 of the latest Treasury Management Strategy Statement.

Resolutions

CIPFA 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 for 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.

The content of the policy statement and TMPs will follow the recommendations contained in Sections 6 and 7 of the Code, subject only to amendment where necessary to reflect the particular circumstances of this organisation. Such amendments will not result in the organisation materially deviating from the Code's key principles.

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 its 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 the organisation's policy statement and TMPs and, as a CIPFA member, CIPFA's Standard of Professional Practice on Treasury Management.

The Treasury Management Role of the Section 151 Officer - Director of Resources

- Recommending clauses, treasury management policy/practices for approval, reviewing the same regularly, and monitoring compliance.
- Submitting regular treasury management policy reports.
- Submitting budgets and budget variations.
- Receiving and reviewing management information reports.
- Reviewing the performance of the treasury management function.
- Ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function.
- Ensuring the adequacy of internal audit, and liaising with external audit.
- Recommending the appointment of external service providers.

SOUTH BUCKS DISTRICT COUNCIL

Annual Investment Strategy 2014-15

1. This Council has regard to the DCLG's Guidance on Local Government Investments and the 2011 revised CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes. The Council's investment priorities will be security first, liquidity second and then return.
2. This Annual Investment Strategy states which investments the Council may use for the prudent management of its treasury balances during the financial year under the heads of Specified investments and Non- Specified Investments. These are listed in Schedules A&B.
3. This strategy sets out this Council's policies for managing its investments and for giving priority to the security and liquidity of those investments.

Investment Objectives

4. The general policy objective for this Council is the prudent investment of its treasury balances. The Council's investment priorities are the security of capital and liquidity of its investments. The Council will aim to achieve the optimum return on its investments commensurate with the proper levels of security and liquidity, and in an ethical manner that does not put the Council's reputation at risk. Investment of the Council's funds will be in accordance with the Treasury Management Strategy and Policy. All investments will be in sterling.
5. The DCLG maintains that the borrowing of monies purely to invest or on-lend and make a return is unlawful and this Council will not engage in such activity.

Specified Investments

6. The idea of specified investments is to identify investments offering high security and high liquidity. These investments can be used with minimal procedural formalities. All these investments should be in sterling and with a maturity of no more than a year.

Non - Specified Investments

7. The aim is to ensure that proper procedures are in place for undertaking risk assessments of investments made for longer periods or with bodies which do not have a "high" credit rating.

Security of Capital: The use of Credit Ratings

8. This Council relies on credit ratings published by Fitch IBCA (Standard and Poor's for Money Market Funds where applicable) to establish the credit quality of counterparties and investment schemes. The Council has also determined the appropriate credit ratings it deems to be "high" for each category of investment.

Monitoring of credit ratings:

- The Council has access to Fitch IBCA credit ratings and is alerted to changes through its use of the Sector website. These ratings cover both the specific financial institution but also the credit rating for the country in which the institution is incorporated.

- If a counterparty's or investment scheme's rating is downgraded with the result that it no longer meets the Council's minimum criteria, the further use of that counterparty/investment scheme as a new investment will be withdrawn immediately. The Council will also immediately inform any external fund manager that it may decide to use of the withdrawal of the same.
- The Council will establish with any fund manager that it may decide to use their credit criteria and the frequency of their monitoring of credit ratings so as to be satisfied as to their stringency and regularity.

Monitoring of Reputational Risk Issues

9. This will be undertaken by monitoring the financial press to identify and issues in respect of the non public sector investments held by the Council, and where appropriate seeking advice from external sources.

Use of Non - Specified Investments

10. The use of non-specified investments is limited to those set out in Schedule B. The Principal Accountant will keep the use of such investments under continuous review in the light of risk (including reputational risk), liquidity and return. No additions will be made without the approval of the Council.

Investment balances/Liquidity of Investments

11. Based upon its cash flow forecasts, the Council anticipates its average core cash reserves in 2014/15 will be £17.50m. A prime consideration in the investment of fund balances is liquidity and the Council's forecast cash flow. Any in-house investment of more than three months needs the approval of the Director of Resources or the Head of Finance. If the Council were to choose to use the services of a cash fund manager duration limits will be specified in the contract.

Provisions for Credit related losses

12. If any of the Council's investments appears at risk of loss due to default the Council will make revenue provision of an appropriate amount, or follow any guidance issued by Government in such circumstances.
13. Any cash fund manager appointed by the Council will manage the funds on a discretionary basis. The fund management agreement between the Council and the manager would formally document the instruments that could be used within pre-agreed limits. The fund manager would use the Council's credit rating criteria.

End of year Investment Report

14. At the end of the financial year, the Council will prepare a report on its investment activity as part of its treasury management activity report.

Schedule A

LOCAL GOVERNMENT INVESTMENTS (ENGLAND)
SPECIFIED INVESTMENTS

All investments listed below must be sterling -denominated

| Investment | Repayable/ Redeemable Within 12 Months? | Security/ Minimum Credit Rating | Circumstance of use | Maximum period |
|--|--|--|---|--|
| Term deposits with the UK government or with English local authorities (i.e. local authorities as defined under section 23 of the 2003 Act)with maturities up to 1 year | Yes | High security although LA's not credit rated | In-house and by any external fund manager | 1 year - in house 31 days - external fund manager |
| Term deposits with credit -rated deposit takers(banks & building socs) with maturities up to 1 year | Yes | Yes, use of Fitch ratings subject to counterparty matrix | In- house & by any external fund manager | 1 year - in house 31 days - external fund manager. Internal forward deals subject to 3 months in advance only approved by DoR |
| Certificates of Deposit issued by credit - rated deposit takers banks and building socs): up to 1 year Custodial arrangement required prior to purchase | Yes | Yes, use of Fitch ratings subject to counterparty matrix | In- house & by any external fund manager | 1 Year |
| Gilts: up to 1 year Custodial arrangement required prior to purchase | Yes | Govt- backed | In - house & by any External Fund Manager | 1 Year |
| Money Market Funds | Yes | Yes, AAA rated | In -house & by any external fund manager | The period of investment may not be determined at the outset but would be subject to cash flow & liquidity requirements |
| Treasury bills (Government debt security with a maturity less than 1 year and issued through a competitive bidding process at a discount to par value) Custodial arrangement required prior to purchase | Yes | Govt- backed | In -house & by any external fund manager | 1 Year |

LOCAL GOVERNMENT INVESTMENT (England)
NON - SPECIFIED INVESTMENTS

| Investment | (A) Why use it ? (B) Associated risks ? | Repayable /Redeemable Within 12 months ? | Security /Minimum credit rating | Used By | Maximum value | Length of investment |
|--|---|--|---------------------------------|--|--|---|
| UK government gilts with maturities in excess of 1 year Custodial arrangement required prior to purchase | (A)(i) Excellent credit quality. (ii) Very Liquid. (iii) If held to maturity, known yield (rate of return)per annum, aids forward planning. iv) Index linked gilts can offer means of insulating against effect of inflation on returns. (v)If traded, potential for capital gain through appreciation in value (i.e.sold before maturity) (vi) No currency risk (B)(i) Market or interest rate risk:Yield subject to movement during life of sovereign bond which could negatively impact on price of the bond i.e potential for capital loss. | Yes | Govt backed | In -house & by any external fund manager | No restriction on gilts | Average maturity of the fund not to exceed 5 years |
| Supranational Bonds Custodial arrangement required prior to purchase | (A)(i)Excellent credit quality. (ii) Relatively liquid (although not as liquid as gilts) (iii) If held to maturity, known yield (rate of return) per annum, which would be higher than that on comparable gilt - aids forward planning, enhanced return compared to gilts. | Yes | AAA or Government guaranteed | In- house & External fund manager | Not more than 25% of the external fund with no more than 10% in any one institution In house maximum of £5m | Average duration of the fund not to exceed 5 years. Maximum of 5 years |

| Investment | (A) Why use it ? (B) Associated risks ? | Repayable /Redeemable Within 12 months ? | Security /Minimum credit rating | Used By | Maximum value | Length of investment |
|---|--|--|---|--|----------------|--|
| | (iv) If traded, potential for capital gain through appreciation in value (i.e. sold before maturity) (B)(i) Market or interest rate risk: Yield subject to movement during life of bond which could negatively impact on price of the bond i.e. potential for capital loss. (ii) Spread versus gilts could widen | | | | | |
| Property Funds The use of these constitute capital expenditure | Alternative to cash funds. Returns subject to property market and rental streams | Not always dependant on terms of each fund | Investment in blue chip public sector property | Any Fund Manager | None | Dependant on terms of each fund |
| Term deposits with the UK government or with English local authorities (i.e. local authorities as defined under section 23 of the 2003 Act)with maturities up to 5 years | Gives a known rate of return | No | High security although LA's not credit rated | In-house | None | 5 years - in house |
| Term deposits with credit - rated deposit takers(banks & building socs), Including callable deposits with maturities up to 5 years | Gives a known rate of return | No | Yes, use of Fitch ratings Subject to counterparty matrix | In- house & by any external fund manager | None | 5 years - in house Internal forward deals subject to 3 months in advance only approved by DoR |
| Corporate Bonds Custodial arrangement | (A)(i)If held to maturity, known yield (rate of return) per annum (ii) If traded, potential for capital gain through appreciation in value (i.e. sold | Yes | Yes, use of Fitch ratings Subject to counterparty matrix | In- house & by any external fund manager | Maximum of £5m | Maximum of 5 years |

AppendixB

| Investment | (A) Why use it ? (B) Associated risks ? | Repayable /Redeemable Within 12 months ? | Security /Minimum credit rating | Used By | Maximum value | Length of investment |
|--|---|--|---|--------------|----------------|----------------------|
| required prior to purchase | before maturity) (B)(i) Market or interest rate risk: Yield subject to movement during life of bond which could negatively impact on price of the bond i.e. potential for capital loss. | | | | | |
| Corporate Bond Funds Pooled Investment Vehicle Custodial arrangement not required | (A) Attractive returns, provides Diversification, no need for custodial facilities, professional fund management, has liquidity. (B) Market or interest rate risk, impact of credit rating changes, will attract fund management fees, would have to account for unrealised gains and losses annually. | Yes-redeemable at net asset value | Yes, use of Fitch ratings Subject to counterparty matrix | Fund Manager | Maximum of £5m | Maximum of 5 years |

INTEREST RATE FORECASTS

The data below shows forecasts published by Sector, UBS and Capital Economics (an independent forecasting consultancy). The forecast within this strategy statement has been drawn from these diverse sources and officers own views after discussion with Sector.

1. Individual Forecasts**Sector View Interest Forecast**

| | 2014/15 | | | | 2015/16 | | | | 2016/17 | | | |
|-----------|---------|-------|-------|-------|---------|-------|-------|-------|---------|-------|-------|-------|
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 |
| Bank Rate | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.75% | 1.00% | 1.25% |
| 3 M LIBID | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.60% | 0.70% | 0.90% | 1.00% |
| 6M LIBID | 0.60% | 0.60% | 0.60% | 0.60% | 0.60% | 0.60% | 0.60% | 0.70% | 0.80% | 1.00% | 1.20% | 1.40% |
| 12M LIBID | 0.80% | 0.80% | 0.80% | 0.80% | 0.80% | 0.90% | 1.00% | 1.20% | 1.40% | 1.60% | 1.80% | 2.00% |

By the end of the March 2017 quarter bank rate is forecast to be 1.25% with LIBID rates at 1.00% 3 month, 1.40% 6 months and 2.00% 12 months.

UBS Economic interest rate forecast (for quarter ends)

| | 2013 | | | | 2014 | | | |
|-----------|-------|-------|-------|-------|-------|-------|-------|----|
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 |
| Bank Rate | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | |

Capital Economics interest rate forecast

| | 2014/15 | | | | 2015/16 | | | |
|-----------|---------|-------|-------|-------|---------|-------|-------|----|
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 |
| Bank Rate | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | |

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APPENDIX D ECONOMIC BACKGROUND

THE GLOBAL ECONOMY

The Eurozone. The sovereign debt crisis has eased during 2013 which has been a year of comparative calm after the hiatus of the Cyprus bailout in the spring. The EZ finally escaped from seven quarters of recession in quarter 2 of 2013 but growth is likely to remain weak and so will dampen UK growth. The ECB's pledge to buy unlimited amounts of bonds of countries which ask for a bail out, has provided heavily indebted countries with a strong defence against market forces. This has bought them time to make progress with their economies to return to growth or to reduce the degree of recession. However, debt to GDP ratios (2012 figures) of 176% Greece, Italy 131%, Portugal 124%, Ireland 123% and Cyprus 110%, remain a cause of concern, especially as many of these countries are experiencing continuing rates of increase in debt in excess of their rate of economic growth i.e. these debt ratios are continuing to deteriorate. Any sharp downturn in economic growth would make these countries particularly vulnerable to a new bout of sovereign debt crisis. It should also be noted that Italy has the third biggest debt mountain in the world behind Japan and the US. Greece remains particularly vulnerable and continues to struggle to meet EZ targets for fiscal correction. Many commentators still view a Greek exit from the Euro as inevitable and there are concerns that austerity measures in Cyprus could also end up in forcing an exit. The question remains as to how much damage an exit by one country would do and whether contagion would spread to other countries. However, the longer a Greek exit is delayed, the less are likely to be the repercussions beyond Greece on other countries and on EU banks.

Sentiment in financial markets has improved considerably during 2013 as a result of firm Eurozone commitment to support struggling countries and to keep the Eurozone intact. However, the foundations to this current "solution" to the Eurozone debt crisis are still weak and events could easily conspire to put this into reverse. There are particular concerns as to whether democratically elected governments will lose the support of electorates suffering under EZ imposed austerity programmes, especially in countries like Greece and Spain which have unemployment rates of over 26% and unemployment among younger people of over 50%. The Italian political situation is also fraught with difficulties in getting a viable coalition which will implement an EZ imposed austerity programme and undertake overdue reforms to government and the economy.

USA. The economy has managed to return to reasonable growth in Q2 2013 of 2.5% y/y in spite of the fiscal cliff induced sharp cuts in federal expenditure that kicked in on 1 March, and increases in taxation. The Federal Reserve has continued to provide huge stimulus to the economy through its \$85bn per month asset purchases programme of quantitative easing. However, it is expected that this level of support will start to be tapered down by the end of 2013. It has also pledged not to increase the central rate until unemployment falls to 6.5%; this is probably unlikely to happen until early 2015. Consumer, investor and business confidence levels have improved markedly in 2013. The housing market has turned a corner and house sales and increases in house prices have returned to healthy levels. Many house owners have therefore been helped to escape from negative equity and banks have also largely repaired their damaged balance sheets so that they can resume healthy levels of lending. All this portends well for a reasonable growth rate looking forward.

China. Concerns that Chinese growth could be heading downwards have been allayed by recent stronger statistics. There are still concerns around an unbalanced

economy which is heavily dependent on new investment expenditure, and for a potential bubble in the property sector to burst, as it did in Japan in the 1990s, with its consequent impact on the financial health of the banking sector. There are also increasing concerns around the potential size, and dubious creditworthiness, of some bank lending to local government organisations and major corporates. This primarily occurred during the government promoted expansion of credit, which was aimed at protecting the overall rate of growth in the economy after the Lehmans crisis.

Japan. The initial euphoria generated by “Abenomics”, the huge QE operation instituted by the Japanese government to buy Japanese debt, has tempered as the follow through of measures to reform the financial system and introduce other economic reforms, appears to have stalled. However, at long last, Japan has seen strong growth of 4% in the first two quarters of 2013 which portends well for the hopes that Japan can escape from the bog of stagnation and help support world growth. The fiscal challenges though are huge; the gross debt to GDP ratio is about 245% in 2013 while the government is currently running an annual fiscal deficit of around 50% of total government expenditure. Within two years, the central bank will end up purchasing about Y190 trillion (£1,200 billion) of government debt. In addition, the population is ageing due to a low birth rate and will fall from 128m to 100m by 2050.

THE UK ECONOMY

Economic growth. Until 2013, the economic recovery in the UK since 2008 had been the worst and slowest recovery in recent history. However, growth rebounded in quarter 1 (+0.3%) and 2 (+0.7%) of 2013 to surpass all expectations as all three main sectors, services, manufacturing and construction contributed to this strong upturn. The August 2013 Bank of England Inflation Report consequently upgraded growth forecasts for 2013 from 1.2% to 1.4% and for 2014 from 1.7% to 2.5%. However, Bank Governor Mark Carney put this into perspective by describing this welcome increase as not yet being “escape velocity” to ensure we return to strong AND sustainable growth. So very encouraging - yes, but, still a long way to go! However, growth is expected to be strong for the immediate future. One downside is that wage inflation continues to remain significantly below CPI inflation so disposable income and living standards are under pressure, although income tax cuts have ameliorated this to some extent. A rebalancing of the economy towards exports has started but as 40% of UK exports go to the Eurozone, the difficulties in this area are likely to continue to dampen UK growth.

Forward guidance. The Bank of England also issued forward guidance with this Inflation Report which said that the Bank will not start to consider raising interest rates until the jobless rate (Labour Force Survey / ILO i.e. not the claimant count measure) has fallen to 7% or below. This would require the creation of about 750,000 jobs and was forecast to take three years. The UK unemployment rate currently stands at 2.5 million i.e. 7.7 % on the LFS / ILO measure. The Bank's guidance is subject to three provisos, mainly around inflation; breaching any of them would sever the link between interest rates and unemployment levels. This actually makes forecasting Bank Rate much more complex given the lack of available reliable forecasts by economists over a three year plus horizon. The recession since 2007 was notable for how unemployment did NOT rise to the levels that would normally be expected in a major recession and the latest Inflation Report noted that productivity had sunk to 2005 levels. There has therefore been

a significant level of retention of labour, which will mean that a significant amount of GDP growth can be accommodated without a major reduction in unemployment. The forecast in this report for Bank Rate not to start increasing until quarter 3 of 2016 is based on a slow reduction of unemployment, (in line with the Bank of England's forecast), and contrary to the prevalent market view where rates are indicating that Bank Rate is expected to start going up in early 2015.

Credit conditions. While Bank Rate has remained unchanged at 0.5% and quantitative easing has remained unchanged at £375bn in 2013, the Funding for Lending Scheme (FLS), aimed at encouraging banks to expand lending to small and medium size enterprises, has been extended. The FLS certainly seems to be having a positive effect in terms of encouraging house purchases (though levels are still far below the pre-crisis level), FLS is also due to be bolstered by the second phase of Help to Buy aimed to support purchasing of second hand properties, which is now due to start in October 2013. While there have been concerns that these schemes are creating a bubble in the housing market, the housing market remains weak outside of London and the south-east with a significant increase in house prices either being entirely absent or minimal. However, bank lending to small and medium enterprises continues to remain weak and inhibited by banks still repairing their balance sheets and anticipating tightening of regulatory requirements.

Inflation. Inflation has fallen from a peak of 3.1% in June 2013 to 2.7% in September. It is expected to fall back to reach the 2% target level within the two year horizon.

AAA rating. The UK has lost its AAA rating from Fitch and Moody's but that caused little market reaction.

Capita Asset Services forward view

Economic forecasting remains difficult with so many external influences weighing on the UK. Major volatility in bond yields is likely during the remainder of 2013/14 as investor fears and confidence ebb and flow between favouring more risky assets i.e. equities, and safer bonds.

Near-term, there is some residual risk of further QE - if there is a dip in strong growth or if the MPC takes action to do more QE in order to reverse the rapid increase in market rates, especially in gilt yields and interest rates up to 10 years. This could cause shorter-dated gilt yields and PwLB rates over the next year or two to significantly undershoot the forecasts in the table below. The failure in the US, (at the time of writing), over passing a Federal budget for the new financial year starting on 1 October, and the expected tension over raising the debt ceiling in mid October, could also see bond yields temporarily dip until any binding agreement is reached between the opposing Republican and Democrat sides. Conversely, the eventual start of tapering by the Fed could cause bond yields to rise.

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 of bond issuance in other major western countries. Increasing investor confidence in economic recovery is also likely to compound this effect as a continuation of recovery will further encourage investors to switch back from bonds to equities.

The overall balance of risks to economic recovery in the UK is currently weighted to the upside after five months of robust good news on the economy. However,

only time will tell just how long this period of strong economic growth will last; it also remains exposed to vulnerabilities in a number of key areas.

Downside risks currently include:

- The conflict in the UK between market expectations of how quickly unemployment will fall as opposed to the Bank of England's forecasts
- Prolonged political disagreement over the US Federal Budget and raising the debt ceiling
- A return to weak economic growth in the US, UK and China causing major disappointment to investor and market expectations.
- The potential for a significant increase in negative reactions of populaces in Eurozone countries against austerity programmes, especially in countries with very high unemployment rates e.g. Greece and Spain, which face huge challenges in engineering economic growth to correct their budget deficits on a sustainable basis.
- The Italian political situation is frail and unstable.
- Problems in other Eurozone heavily indebted countries (e.g. Cyprus and Portugal) which could also generate safe haven flows into UK gilts.
- Monetary policy action failing to stimulate sustainable growth in western economies, especially the Eurozone and Japan.
- Weak growth or recession in the UK's main trading partners - the EU and US, depressing economic recovery in the UK.
- Geopolitical risks e.g. Syria, Iran, North Korea, which could trigger safe haven flows back into bonds

The potential for upside risks to UK gilt yields and PWLB rates, especially for longer term PWLB rates include: -

- A sharp upturn in investor confidence that sustainable robust world economic growth is firmly expected, causing a surge in the flow of funds out of bonds into equities.
- A reversal of Sterling's safe-haven status on a sustainable improvement in financial stresses in the Eurozone.
- Further downgrading by credit rating agencies of the creditworthiness and credit rating of UK Government debt, consequent upon repeated failure to achieve fiscal correction targets and sustained recovery of economic growth which could result in the ratio of total government debt to GDP to rise to levels that undermine investor confidence in the UK and UK debt.
- UK inflation being significantly higher than in the wider EU and US, causing an increase in the inflation premium inherent to gilt yields.
- In the longer term - an earlier than currently expected reversal of QE in the UK; this could initially be implemented by allowing gilts held by the Bank to mature without reinvesting in new purchases, followed later by outright sale of gilts currently held.

PRUDENTIAL CODE & INDICATORS STATEMENT

The Prudential Code for Capital Finance in Local Authorities was developed by CIPFA to support local authorities with the management of their capital finance and investment programmes. The key objectives of the Prudential Code are to ensure that the capital investment plans of local authorities are affordable, prudent and sustainable. A further key objective is to ensure that treasury management decisions are taken in accordance with good professional practice and in a manner that supports prudence, affordability and sustainability. The Prudential Code also has the objectives of being consistent with and supporting local strategic planning, local asset management planning and proper option appraisal.

To demonstrate that local authorities have fulfilled these objectives, the Prudential Code sets out the indicators that must be used and the factors that must be taken into account. The indicators will be monitored during the year and the final position at the year end compared to the forecast.

Prudential Indicators of Affordability**1.Capital Expenditure**

The first prudential indicator for affordability gives details of the total capital expenditure plans. This is to help ensure that these are reasonable given the resources of the council.

| | 2012/13 Actual £'000 | 2013/14 Forecast £'000 | 2014/15 Estimate £'000 | 2015/16 Estimate £'000 | 2016/17 Estimate £'000 | 2017/18 Estimate £'000 |
|---------------------|----------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| Capital Expenditure | 872 | 6,138 | 1,487 | 739 | 859 | 739 |

For SBDC the capital programme will continue to be fully funded from capital receipts and Government grant, and the above capital expenditure plans will not reduce the level of those receipts to below that assumed in forecasting future investment income.

2.Ratio of financing costs to net revenue income stream

The second indicator shows how much of a councils revenue budget has to be allocated towards interest payments, or for a debt free authority such as SBDC how much investment income contributes to the budget.

| | 2012/13 Actual £'000 | 2013/14 Forecast £'000 | 2014/15 Estimate £'000 | 2015/16 Estimate £'000 | 2016/17 Estimate £'000 | 2017/18 Estimate £'000 |
|---------------------|----------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| Financing Costs (1) | 842 | 700 | 550 | 500 | 450 | 450 |
| Net Revenue Stream | 7,569 | 6,873 | 6,849 | 6,577 | 6,491 | 6,491 |
| Ratio | (11.12%) | (10.18%) | (8.03%) | (7.60%) | (6.93%) | (6.93%) |

(1) ie net investment income

As SBDC is debt free - income from investments far outweighs any short term borrowing costs, therefore the ratio of financing costs to revenue income stream (Government grant and Council tax payers) will be negative.

3. Incremental Impact on Council Tax

The next indicator assesses the impact of the capital programme on the revenue budget.

For SBDC the size of the capital programme has an effect on the Council's revenue budget (and hence Council Tax) in two ways.

Firstly each pound spent on the capital programme reduces the amount of capital reserves, which in turn reduces the Council's investment holdings and thus the revenue interest earned by the Council. Based on current investment rates, increasing the overall capital programme by £100,000 will reduce annual interest by and thus increase the revenue budget by £1,000. Similarly reducing the overall capital programme by £100,000 will increase annual interest by and thus reduce the revenue budget by £1,000. £1,000 is equivalent to approximately 3.5p on the average band D Council Tax.

Secondly additional capital expenditure can result in additional revenue maintenance costs, for instance a new piece of ICT equipment is likely to require additional annual maintenance and support.

4. Capital Financing Requirement

This indicator provides details of an authority's underlying need to borrow. For debt free authorities this should be nil.

| | 2012/13 Actual £'000 | 2013/14 Forecast £'000 | 2014/15 Estimate £'000 | 2015/16 Estimate £'000 | 2016/17 Estimate £'000 |
|------------------------------------|----------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| SBDC Capital Financing Requirement | 0 | 0 | 0 | 0 | 0 |

Furthermore the SBDC capital financing requirement will always remain nil whilst capital expenditure is fully funded from capital receipts and Government Grant.

5. Authorised Temporary Borrowing Limits

This indicator sets limits on how much SBDC can borrow.

| | 2012/13 £'000 | 2013/14 £'000 | 2014/15 £'000 | 2015/16 £'000 | 2016/17 £'000 |
|-------------------|------------------|------------------|------------------|------------------|------------------|
| Authorised Limit | 3,500 | 3,500 | 3,500 | 3,500 | 3,500 |
| Operational Limit | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 |

The Authorised Limit for South Bucks represents the maximum temporary borrowing limit. The Operational Limit focuses on the day to day treasury management activities of the authority and is set at a lower figure than the Authorised Limit because cash - flow variations may lead to the occasional (but not sustained) breaches of the operational limit.

Prudential Indicators for Prudence**1. Net Borrowing and The Capital Financing Requirement**

The first prudential indicator for prudence is to ensure that in the medium term borrowing will only be used to fund capital expenditure. As SBDC does not borrow (except for short term cash flow requirements) then this indicator is met.

2. Treasury Management Indicator

The second indicator is whether or not the authority has adopted the CIPFA Code of Practice for Treasury Management in the Public Sector. SBDC has done this and thus meets this indicator.

3. Upper limit for interest rate exposure.

The interest rates exposure indicators are designed to limit exposure to the effects of changes in interest rates. As a debt free authority these are set reasonably high to allow investment flexibility.

| | 2013/14 | 2014/15 | 2015/16 | 2016/17 |
|---------------|---------|---------|---------|---------|
| Fixed Rate | 100% | 100% | 100% | 100% |
| Variable Rate | 50% | 54% | 54% | 54% |

A minimum of £8 million is committed to be invested in fixed rate deposits during the whole of 2014/15, representing 46% of the total investments available. It has been assumed that the remaining balance of the Council's investments, 54%, is available to invest in variable rate investments.

4. Maturity Structure of Borrowings

This indicator is designed to reduce the risk of large sums of borrowings having to be repaid at the same time. However as a debt free authority SBDC will only ever have short term debt to cover cash flow shortfalls. As such for SBDC all borrowings shall be repayable within 12 months.

5. Upper limit for total principal sums invested for over 364 days.

Where a local authority invests, or plans to invest, for periods longer than 364 days, the local authority must set an upper limit for each forward financial year period for the maturing of such investments. This prudential indicator is referred to as prudential limits for principal sums invested for periods longer than 364 days. This indicator is designed to ensure that authorities always have sufficient funds to cover their cash flow needs and thus do not need to realise investments before they reach maturity.

As SBDC has cash reserves of over £17.5m it is able to invest longer term and thus has a high limit.

| | 2013/14 £m | 2014/15 £m | 2015/16 £m | 2016/17 £m |
|-------------|---------------|---------------|---------------|---------------|
| Upper Limit | 20 | 17.5 | 17.5 | 17.5 |

The above upper limit figure has been calculated taking into account the maximum that could be available for investing in excess of 1 year allowing for the needs of short term cash flow and the use of capital receipts to fund capital expenditure. At present the Council has £13 million of investments which may mature in excess of 364 days.

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MINIMUM REVENUE PROVISION

The Local Government and Public Involvement Act 2007 provided a new power to the Secretary of State to issue guidance on accountancy practice rather than through the formal issue of Regulations through statute.

The first guidance issued under this new power relates to Minimum Revenue Provision (MRP). This is the amount which local authorities provide for the repayment of their borrowings and whilst this Council is debt free and therefore needs to make no provision, it is still required to meet the requirements of the guidance in approving a policy statement on making MRP.

Under the guidance authorities will be required to prepare an annual statement in respect of their policy on making MRP. This must be submitted to Full Council and will form part of the annual prudential indicator report.

The guidance provides a number of options for making a 'prudent provision', this is to say that the provision for the repayment of borrowing used to finance the acquisition of an asset should be made over a period bearing some relation to that over which the asset provides a service to the authority.

The options for prudent provision are as follows:

Option 1 - Regulatory Method

Where debt is supported by Revenue Support Grant (RSG), authorities will be able to continue using the formulae used in the current regime, since the supported borrowing element of the RSG is also calculated this way.

Option 2 - CFR Method

This method is based upon 4% of an authority's non housing CFR (capital financing requirement) at the end of the preceding financial year. Where the CFR is negative or nil, no MRP will be required as is the case at present.

Option 3 - Asset Life Method

Here equal annual instalments of MRP will be made over the estimated life of asset financed by borrowing. Under this method the concept of an MRP holiday makes its debut. This provides the ability for an authority to defer MRP on a newly constructed building or infrastructure asset until the asset comes into service.

Option 4 - Depreciation Method

Using this approach will require an authority to charge MRP in accordance with the standard rules for depreciation accounting. As with option 3 the MRP holiday will be available for assets yet to be brought into service.

It is anticipated that options 1 & 2 will only be used where capital expenditure is incurred prior to 1st April 2008 and where capital expenditure is incurred on or after that date which the authority is satisfied forms part of its supported capital expenditure. Options 3 and 4 would be used in relation to all capital expenditure incurred after the 1st April which is financed by borrowing or credit arrangements.

In this Council's case where all of the capital expenditure is supported by financing either from Government grant or capital receipts and where the CFR is nil option 2 applies and no MRP is required as is the present case.

It is therefore recommended that option 2, the CFR method, is adopted as the Council's annual policy on making MRP for 2014/15.

Note - The capitalised element of the leases for the Capswood offices and the embedded leases for the refuse vehicles within the refuse contract is written off to revenue on an annual basis.

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| SUBJECT: | Investment Performance Quarter Ending 30th September 2013 |
| 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 September 2013.

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 2013/14 set an estimated return on investment income for the year of £775,000 which was to be generated from a combination of Fixed and short term cash deposits, returns on the Stoke Poges Memorial Gardens Fund and from the possible investment of some of the Council's investment portfolio into corporate bonds
- 3.2 In addition Capita Asset Services, Treasury Solutions (Formerly 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 second of these reports for 2013/14.

4. Investment Performance - Quarter to 30 September 2013.

- 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 2013/14 as follows.

| | Duration | Maximum Amount | Fitch Rating | Comment |
|----------------------------|---------------|----------------|----------------|---------------------------------|
| UK Institutions | Up to 5 years | £5m | A- or better | |
| | Up to 3 years | £5m | BBB+ or better | |
| Non UK Institution | Up to 3 years | £2m | A- or better | Sovereignty rating AA or better |
| Corporate Bonds/Bond Funds | Up to 5 years | £5m | A- or better | |

4.2 A summary of the Council's holdings of fixed deposits with a maturity of over one year at 30th September 2013 is shown below:

| UK Institutions | Fitch Credit Rating | 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 | | | | |
| Lloyds Bank | A | | | | | |
| Fixed Deposit | | 1,000,000 | 3 Month Libor, Floor 2.85%, Cap 5.85% | 11/05/10 | 12/05/15 | |
| Fixed Deposit | | 1,000,000 | 3 Month Libor, Floor 3.07%, Cap 5.00% | 19/05/10 | 19/05/15 | |
| Total Lloyds Group | | 2,000,000 | | | | |
| 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 | | | | |
| Close Brothers | A | | | | | |
| Fixed Deposit | | 1,000,000 | 2.80% | 04/10/12 | 04/10/13 | |
| Fixed Deposit | | 1,000,000 | 2.70% | 22/02/13 | 22/08/14 | |
| Fixed Deposit | | 1,000,000 | 1.50% | 12/04/13 | 13/10/14 | |
| Fixed Deposit | | 1,000,000 | 1.20% | 05/07/13 | 05/09/14 | |
| Total Close Brothers | | 4,000,000 | | | | |
| Total Deposits | | 14,000,000 | | | | |

(1) RBS have the option to switch to 3 month LIBOR¹ in years 3, 4 & 5.

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

¹ LIBOR - London Inter Bank Offered Rate

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 | Notes |
|---------------------|-------|------------|---|--------------------------|
| Nat West Bank | A | 6,177,000 | 20 Basis Points Below Bank Rate - 0.30% | Instant Access |
| Nat West Bank | A | 4,000,000 | 0.80%(1) | 95 Day Notice Account |
| Bank of Scotland | A | 1,000,000 | 0.70% | 27/8/13 to 27/11/13 |
| Bank of Scotland | A | 1,000,000 | 0.75% | 95 Day Notice Account |
| Total | | 12,177,000 | | |

(1) Rate reduced by Nat West to 0.60% from 22/10/13.

There is a high level of short term cash investments at the current time which is due to cash flow being held to fund future possible investments in corporate bonds and to fund major capital projects in the next few months including the Dropmore Road Depot development and the new waste scheme.

5. Treasury Management Strategy

5.1 The Treasury Management Strategy 2014/15 including economic and interest rate commentary is included elsewhere on this agenda. The strategy also includes review commentary in respect of the current year.

6. Resources, Risk & Other Implications

6.1 The investment budget set for the year is £775,000 .The current estimate is that there will be a shortfall in the year of £75,000 which has been declared in budget monitoring. However the budget for 2013/14 had an assumption built in that the Council would be able to achieve returns at the same level when reinvesting maturing investments which has not happened currently and the shortfall figure may grow further during the year if this continues to be the case.

7. Summary

7.1 The PAG is requested to:

1. Note the investment performance for the quarter to 30th September 2013.

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

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