

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

1. **Apologies for Absence**

2. **Minutes**

To receive the minutes of a meeting of the Policy Advisory Group held (Pages 5 - 8) on 3 March 2016.

REPORTS TO NOTE

3. **Treasury Management - Annual Report 2015/16**

To note the report of the Director of Resources. (Pages 9 - 12)

4. **Any other business**

To consider any other business the Chairman decides is urgent.

5. **Exempt Information**

“That under Section 100(A)(4) of the Local Government Act 1972 following item of business is not for publication to the press or public on the grounds that it involves the likely disclosure of exempt information as defined in Part 1 of Schedule 12A to the Act.”

(para 3 - Information relating to the financial or business affairs of any particular person (including the authority holding that information))

REPORTS LIKELY TO LEAD TO THE PORTFOLIO HOLDER MAKING A RECOMMENDATION TO CABINET

6. **Parking Service - Off Street Parking Legislation**

To consider the report of the Head of Environment. (Pages 13 - 18)

The next meeting of the PAG is due to take place on Wednesday, 7 September 2016

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RESOURCES POLICY ADVISORY GROUP

Meeting - 3 March 2016

Present:

Mr Chhokar, Mr Hogan, Mr Hollis, Mrs Jordan, Mr Sangster and,
Mr Egleton

Also Present:

Mr Anthony

29. MINUTES

The minutes of the meeting of the Policy Advisory Group (PAG) held on 10 December 2015 were received.

30. TREASURY MANAGEMENT REPORT QUARTER 3

The PAG received a report on the Treasury Management Strategy 2015/16 to December 2015.

The report explained that the treasury management activities of the Council were exclusively in relation to investment of reserves; as a debt-free authority, South Bucks District Council did not undertake borrowing.

There were no changes in the base rate in the quarter, with the rate having remained at 0.5% since March 2009. The total of loans over one year duration outstanding at the end of the quarter was £20,000,000 as detailed in the table in paragraph 3.3 of the report which also contained tables with information relating to:

- Corporate bond
- Interest rate exposures
- Principal sums invested for periods longer than 364 days/

Following a question from a member the Director of Resources explained why cash flow in the final quarter fluctuated with income from Council Tax declining as the arrangements for paying by instalments came to end whilst demand on expenditure continues. The Director of Resources went on to explain that arranging loans to mature during the last quarter of the year was planned as the income was used to compensate for this reduction in cash flow. It was agreed that update reports during 2016/17 would include charts showing cash-flow projections.

RESOLVED that the report be noted.

31. EXEMPT INFORMATION

“That under Section 100(A)(4) of the Local Government Act 1972 following item of business is not for publication to the press or public on the grounds that it involves the likely disclosure of exempt information as defined in Part 1 of Schedule 12A to the Act.”

32. CAR PARKING IN GERRARDS CROSS AND BEACONSFIELD

Paragraph 3 – information relating to the financial or business affairs of any particular individual person (including the authority holding that information)

The overall aim for Council car parks is:

- Provide parking for both short and long stay users.
- Provide a balance between short and long stay users in some car parks using a structured payment system.
- Provide a number of car parks for short stay only to ensure parking is available for shoppers / visitors.
- To dissuade commuter parking in order to accommodate users of our towns and villages.
- To offer a percentage discount for season ticket users to aid local businesses.
- Provide the appropriate number of disabled car parking spaces free of charge.
- To ensure the sustainability of certain local retail centres.

To address the immediate parking problems in Gerrards Cross and Beaconsfield the PAG considered a report setting out six options for changing the existing tariffs and parking restrictions in these two locations having regard to the aims set out above

During the discussion the PAG as a whole recognised the need to make changes to respond to the problems. However whilst some members expressed a preference for option 6 others favoured options 5 and 6 or a combination of both. PAG members also recognised there was a need for a review of the tariff structure which further balanced the needs of shoppers/commuters/local businesses and workers/ local residents. It was accepted that it would not be prudent to consider options that would materially reduce the Council's income.

Responding to the comments made, the Portfolio Holder asked for a further more comprehensive report to be submitted to the PAG which not only developed the preferred options in terms of the action required to implement them including costs and the public consultation required but which also put them into a wider context by addressing the different needs referred to above which could include implementing a scheme for residents' off street parking. The report should also include any proposal in respect of charges and increasing charging periods at any other Council car parks so that an overall set of proposals can be agreed and taken forward as a whole rather than in a piecemeal manner.

33. STATION ROAD , GERRARDS CROSS CAR PARK

Paragraph 3 – information relating to the financial or business affairs of any particular individual person (including the authority holding that information)

The Council is the freehold owner of the "pay and display" car park at Station Road, Gerrards Cross. The car park currently contains 122 spaces and with usage increasing over recent years the PAG considered a report setting out a proposal to increase the capacity at Station Road Car Park, Gerrards Cross.

During the discussion the PAG as a whole recognised the need to increase the capacity. However, a number of members felt that the business case set out in Appendix E had not been proven, particularly having regard to the capital resources required and the projected timescale to recoup the initial investment. They also questioned why progressing the proposal through a design and build contract accessed through a procurement framework arrangement was preferred to a joint venture procurement process where any development would include residential development on top of the car park.

One member did however feel that, although the investment required was significant, the business case was viable bearing in mind the return in annual income over the duration of the life of the car park which could be up to 40 years. The member also felt it was important

for the Council to submit a planning application as this would provide a brief for whichever procurement process was pursued

Responding to the discussion the Director of Resources drew members' attention to the points made in paragraph 6.18 which made clear that a Joint Venture approach would involve a public procurement process based on the Council setting out what its objectives are with the need to follow a tender process which would be much longer than that under a framework arrangement. It would however be retained as an option. The Head of Environment emphasised that the figure quoted for the capital investment was an estimate only which would be refined as the project developed.

The Portfolio Holder, in noting that there was a recognition amongst PAG members of the need to increase the capacity at the car-park, felt that it was important to establish with planning any issues, including those that could pertain to a joint venture approach. The project needed to be progressed in accordance with the project support referred to in the report so that the brief, costs and preferred procurement route could be established for a further report back to the PAG. To expedite the project the Portfolio Holder requested that the Project Manager be appointed as a matter of urgency.

The Portfolio Holder accordingly

RECOMMENDED to Cabinet that

1. Authority be given to submit a planning application at a cost of £5,500.
2. The expenditure incurred to date of £50k be noted and agreement be given to incur further expenditure of £65k to support project management for the duration of the project.

34. BEACONSFIELD CAR PARKING

Paragraph 3 – information relating to the financial or business affairs of any particular individual person (including the authority holding that information)

A car park capacity study undertaken in March 2014 for Beaconsfield concluded that additional off street car parking would be required by 2033 and the PAG considered a report setting out potential redevelopment options at four sites in Beaconsfield together with the costs for progressing these options in the following two stages:

- Stage 1 - Concept design and pre planning consultation
- Stage 2 – Stage 2 – Full Planning Application.

The report also identified the tender process and possible procurement options including a joint venture and arrangements for project planning. Paragraph 9 of the report addressed the resources implications of progressing the project and its impact on the Council's capital reserves. The PAG also noted that the proposal would be discussed with Beaconsfield Town Council.

The PAG, in supporting the principle of the proposal, noted that a further more detailed report would be submitted to a future meeting setting out options for proceeding.

Having considered the comments of the PAG the Portfolio Holder has

RECOMMENDED to Cabinet that

1. Expenditure of up to £80k be agreed to progress options for the Beaconsfield car parks and adjacent Council owned sites up to and including pre planning

- consultation.
2. A further report be submitted to a future meeting of the PAG setting out options and costs.
 3. Agreement be given to further expenditure of up to £65k for the duration of the project for client project management support

35. CAPSWOOD OFFICES - UPDATE

Paragraph 3 – information relating to the financial or business affairs of any particular individual person (including the authority holding that information)

Following the decision of Cabinet approving expenditure of £117k the PAG noted that the work to decant and refurbish the upper floor was progressing

36. DISCRETIONARY RATE RELIEF APPLICATION

Paragraph 3 – information relating to the financial or business affairs of any particular individual person (including the authority holding that information)

The PAG received a report setting out the applications that had been received from the following organisations for Discretionary Rate Relief.

- Gerrards Cross Community Association
- Action for Children

After considering the applications against the criteria, the PAG supported the recommendations (which were consistent with current policy and past decisions on similar applications) in the report with Mrs Jordan asking for a dissent from the recommendation relating to Action for Children to be recorded

Having considered the advice of the PAG the Portfolio Holder has agreed in accordance with the authority delegated to him under the Scheme of Delegation to Cabinet Portfolio Holders that

1. Discretionary rate relief be granted to Gerrards Cross Community Association until 31 March 2017 in line with that currently awarded in respect of their other premises in East Common.
2. No award be made to Action for Children in respect of Beaconsfield Children’s Centre as the charity operates on a national basis with substantial income.

The meeting terminated at 7.45 pm

Resources PAG

SUBJECT:	<i>Treasury Management – Annual Report 2015/16</i>
REPORT OF:	<i>Jim Burness, Director of Resources</i>
RESPONSIBLE OFFICER	<i>Helen O’Keeffe, Principal Accountant</i>
REPORT AUTHOR	<i>Helen O’Keeffe, hokeeffe@chiltern.gov.uk, 01494 732781</i>
WARD/S AFFECTED	<i>All</i>

1. Purpose of Report

- 1.1 To report on the Treasury Management performance of the Council for 2015/16 as required under the Code of Practise for Treasury Management.

RECOMMENDATION

The PAG is requested to note the investment performance for 2015/16 as required by the Code of Practise for Treasury Management.

2. Background

- 2.1 The Council is required to comply with the CIPFA Code of Practice on Treasury Management. The primary requirements of the code are:

- (i) Creation and maintenance of a Treasury Management Policy Statement, which sets out the policies, and objectives of the Council’s treasury management activities.
- (ii) Creation and maintenance of Treasury Management Practices, which set out the manner in which the Council will achieve those policies and objectives.
- (iii) Receipt by the Cabinet and Council of an annual strategy report for the year ahead and an annual review report of the previous year.
- (iv) The delegation by the Council of responsibilities for implementing and monitoring treasury management policies and practices and for the execution and administration of treasury management decisions.

3. Annual Report on Treasury Management 2015/16

- 3.1 As a debt free authority the treasury management activities of the Council are exclusively concerned with the investment of its reserves, as the Council does not undertake any borrowing.
- 3.2 The year saw the continuation of the low interest rate environment that has been the situation for a number of years now, with Base Rate remaining unchanged at 0.5%.
- 3.3 Indications are that there will not be an early rise in interest rates, but a gradual upward trend seems likely from 2017 onwards. The Monetary Policy Committee appears to want to proceed very cautiously, so interest rates could still be only around 2% by 2020. There is currently uncertainty in the markets whilst the outcome of the EU referendum is unknown, and increased volatility in short term rates can be anticipated around the actual Referendum date.
- 3.4 Officers invest cash flow surpluses with approved counter parties. During the year, officers invested funds in accordance with counter parties approved as part of the Treasury Management Strategy 2015/16 as in the table below.

	Duration	Maximum Amount	Fitch Rating	Comment
UK Institutions	Up to 5 years	£5m	A- or better	
Non UK Institution	Up to 3 years	£3m	BBB+ or better	
	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	
Other Approved Investments	Up to 3 years	£1m	A- or better	Includes Money Market Funds

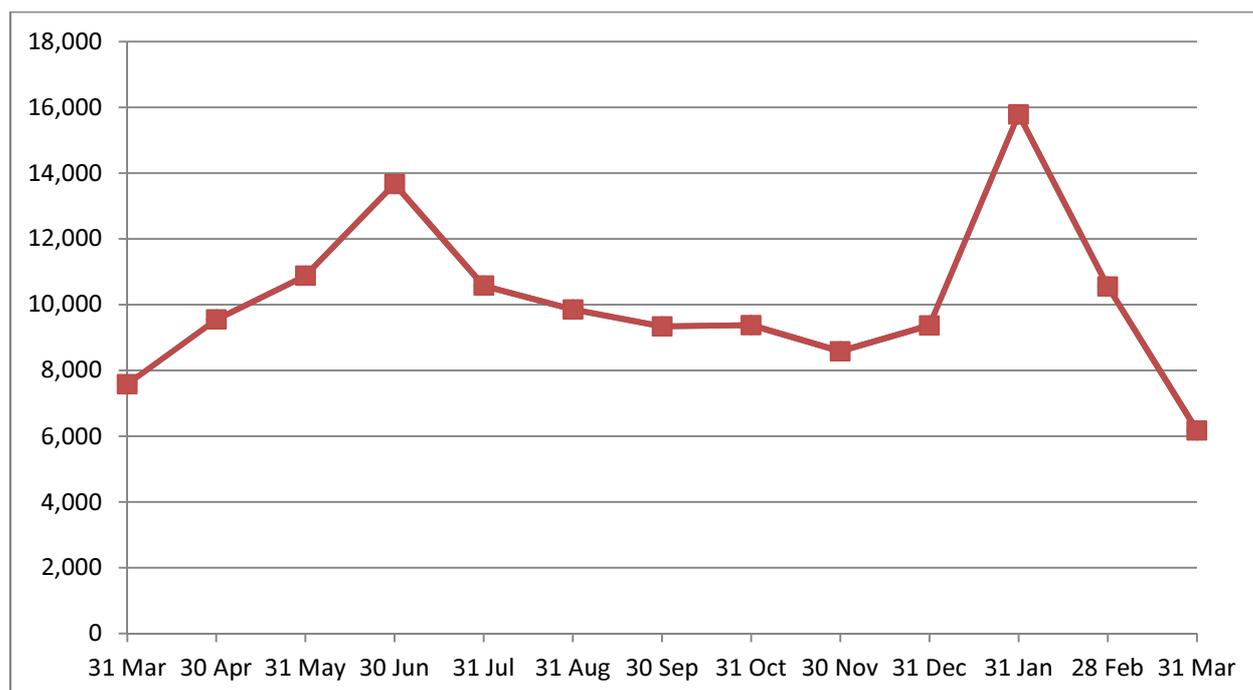
3.5 Capita Asset Services Treasury is engaged by the Council as its Treasury Management consultants providing advice on investment, performance and regulations where necessary.

3.6 A summary of the movements in the year is as follows:

	Fund Balance 1.4.2015 £000	Fund Withdrawals £000	Added to Fund £000	Fund Balance 31.3.2016 £000
Instant access deposits	7,580	(4,405)	0	3,175
Money Market Funds	0	(2,000)	5,000	3,000
Fixed Deposits	15,000	(10,000)	8,000	13,000
Corporate Bonds	1,172	*(164)	0	1,008
Total	23,752	(16,569)	13,000	20,183

* Investments maturing in year and change in market value

3.7 The following graph shows how the level of cash and instant access investments has fluctuated over the year.



Resources PAG

3.8 A summary of the Council's Fixed Deposits as at 31st March 2016 is shown below:

UK Institutions	Fitch Credit Rating	Principal £	Interest Rate	Invested	Matures
Royal Bank of Scotland	BBB+				
Fixed Deposit		2,000,000	0.91% then 3 mth LIBOR	09/02/15	09/02/18
Fixed Deposit		3,000,000	1.31% then 3 mth LIBOR	09/02/15	09/02/20
Lloyds Banking Group	A+				
Fixed Deposit		1,000,000	1.00%	12/05/15	12/05/16
Fixed Deposit		1,000,000	1.00%	19/05/15	19/05/16
Fixed Deposit		1,000,000	1.00%	28/07/15	27/07/16
Santander	A				
Fixed Deposit		1,000,000	1.00%	11/11/15	11/11/16
Fixed Deposit		1,000,000	1.00%	02/06/15	02/06/16
Fixed Deposit		2,000,000	1.00%	28/07/15	28/07/16
Close Brothers	A				
Fixed Deposit		1,000,000	1.40%	13/10/15	13/04/17
Total Deposits		13,000,000			

3.9 The following corporate bonds were held at the end of the March 2016:

Bond held	Valuation £	Coupon Interest Rate	Effective Interest Rate	Maturity date
UK Treasury (a)	50,353	8.75%	4.59%	25/08/17
UK Treasury (b)	62,661	8.75%	4.54%	25/08/17
Asif II (a)	98,485	6.38%	5.49%	05/10/20
Asif II (b)	32,442	6.38%	5.33%	05/10/20
Asif II (c)	52,139	6.38%	6.41%	05/10/20
UK Treasury	191,044	8.00%	4.77%	07/06/21
Atlantia SPA (a)	69,861	6.25%	5.65%	09/06/22
Atlantia SPA (b)	110,307	6.25%	5.55%	09/06/22
National Grid (a)	189,300	5.88%	5.91%	02/02/24
National Grid (b)	80,768	5.88%	5.71%	02/02/24
UK Treasury	70,631	6.00%	4.76%	07/12/28
Total	1,007,991			

4. Corporate Implications

4.1 A comparison between the actual and budgeted interest returns for 2015/16 is shown in the table below:

	Budget 2015/16 £000	Actual 2015/16 £000
Fixed Deposits		193
Short Term Investments		60
Money Market Funds		7
Farnham Trust Clubhouse Loan		51
Other Miscellaneous Interest ⁽¹⁾		6
Less Other Interest ⁽²⁾		(1)
Corporate Bonds		50
Total Interest	400	366

Note 1: miscellaneous interest includes interest from car loans and Swan Road.

Note 2: some interest is allocated to monies held for s106 agreements.

4.2 There was an underachievement of £34k from the budget during 2015/16 which is in line with the £50k estimated underachievement declared in the February budget monitoring report. The loss on interest is a result of the current very low interest rate environment.

4.3 The target figure for investment income for 2016/17 has been set at £430,000.

Background Papers:	None
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