



DEMOCRATIC AND ELECTORAL SERVICES

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Date: 7 June 2017 Direct Line: 01895 837225/837227

Dear Councillor

RESOURCES POLICY ADVISORY GROUP

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

DATE: **THURSDAY 15TH JUNE 2017**

TIME: **6.00 PM**

VENUE: **ROOM 8 AND 9, CAPSWOOD, OXFORD ROAD, DENHAM**

Please note that this meeting is not open to the public.

Only apologies for absence received prior to the meeting will be recorded.

Yours faithfully

Jim Burness

Director of Resources

To: The Resources Policy Advisory Group

Mr Chhokar
Mr Hogan
Mr Sangster
Mr Egleton
Mr Dhillon
Mrs Gibbs

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

To receive any apologies for absence.

2. Minutes

To receive the minutes of the meeting held on 14 March 2017. **(5 - 8)**

A. REPORTS LIKELY TO LEAD TO PORTFOLIO HOLDER DECISION

None

B. REPORTS LIKELY TO LEAD TO PORTFOLIO HOLDER RECOMMENDATION TO CABINET

3. Car Park Management Strategy **(9 - 10)**

Appendix A **(11 - 28)**

Appendix B **(29 - 50)**

4. Establishment of a Local Authority Trading Company **(51 - 60)**

Appendix A **(61 - 82)**

Appendix B **(To Follow)**

Appendix C **(To Follow)**

Appendix D **(83 - 86)**

Appendix E **(87 - 88)**

Please note that Savills will be making a presentation on the Strategic Asset Review at the meeting of Overview and Scrutiny Committee on 22 June. The Chairman of the Committee has cordially invited all members of the Council to attend this presentation which will take place in the closed part of the meeting in view of the commercially sensitive nature of the information.

C. REPORTS FOR INFORMATION / DISCUSSION

If any

5. **Treasury Management Annual Report 2016/17** (89 - 94)

6. **Any other business**

To consider any other business the Chairman decides is urgent.

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"That under Section 100(A)(4) of the Local Government Act 1972 following item of business is not for publication to the press or public on the grounds that it involves the likely disclosure of exempt information as defined in Part 1 of Schedule 12A to the Act."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

A. REPORTS LIKELY TO LEAD TO PORTFOLIO HOLDER DECISION

None

B. REPORTS LIKELY TO LEAD TO PORTFOLIO HOLDER RECOMMENDATION TO CABINET

8. **Bath Road Depot** (95 - 98)

Appendix (99 - 100)

9. **Stoke Poges Memorial Gardens 4 Months Bridging Contract** (101 - 104)

10. **Bad Debt Write Off Request** (105 - 112)

11. **Stoke Park Lease Changes**

Appendix A (Supplement)

Appendix B

The next meeting of the PAG is due to take place on Tuesday 26 September 2017

RESOURCES POLICY ADVISORY GROUP (SBDC)**Meeting - 14 March 2017**

Present: Mr Egleton (Chairman)
Mr Chhokar, Mr Hogan and Mr Sangster

77. APOLOGIES FOR ABSENCE

There were no apologies for absence.

78. MINUTES

Apologies were noted for Councillor Chhokar for the Resources Policy Advisory Group (PAG) meeting 25 January 2017 and the minutes of the meeting were agreed.

79. SOUTH BUCKS DISTRICT COUNCIL ARREARS COLLECTION PROJECT

Items 3 and 10 (South Bucks District Council Arrears Collection Project - (Part II) Appendix 1) were discussed together. The Head of Customer Services updated the Group on the progress of the project to recover arrears of council tax, business rates and housing benefit overpayments. It was heard that the project derived from the Chiltern and South Bucks District Councils shared service review and was planned to commence June 2016, but due to software issues the project commenced in October 2016. There was a focus on housing benefit overpayments in which recovery action had generated an income of £36,000 to date and the outstanding debt had been reduced by £117,000, with further action to be taken. With regards to non-domestic rates, Members were informed that South Bucks District Council received 40% of the share of the projected amounts delivered, the government and preceptors benefitting from the balance. Certain cases requiring further recovery action had been referred to an enforcement agency on 14 March 2017. Six cases were recommended to Cabinet for write off as there was no prospect of recovery. In response to a question from Members concerning lessons learnt, it was heard that a review of housekeeping was needed and recovery action was to be taken at an earlier stage going forward, with all avenues of recovery exhausted, including charging orders. The PAG were pleased to note the progress made on arrear recovery.

Having considered the advice of the PAG, the Portfolio Holder **RESOLVED** that the progress of the South Bucks District Council Recovery Project be noted; and

RECOMMENDED to Cabinet:

to authorise the write off of specified non domestic rates with values over £10,000 where all previous recovery attempts have failed and there are no further routes of recovery as set out in the confidential appendix.

Councillor R Sangster entered the meeting at 6.35pm

80. **TREASURY MANAGEMENT PERFORMANCE QUARTER 3 2016/17**

The Director of Resources informed Members that the treasury management performance for quarter 3 2016/17 was largely unchanged from the previous quarter and that the variations related to changes in pre-set payments and direct debits. Members heard that the budgeted income target will not be met.

RESOLVED

That the report be noted.

81. **ANY OTHER BUSINESS**

None.

82. **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)

83. **APPLICATION FOR HARDSHIP RELIEF 1**

The Members of the PAG considered the application for rate relief attached as Appendix A.

Having considered the advice of the PAG, the Portfolio Holder **RESOLVED** that the application for rate relief be refused.

84. **APPLICATION FOR HARDSHIP RELIEF 2**

The Members of the PAG considered the application for rate relief attached as Appendix A.

Having considered the advice of the PAG, the Portfolio Holder **RESOLVED** that the application for rate relief be refused.

85. **VACATING CAPSWOOD 1**

The purpose of the report was to seek Member's views on vacating the remainder of Capswood1 and the possibility of sub-leasing the space as part of the overall strategy to make the best use of office accommodation. The Group discussed the content of the report in detail, as well as the need for the Council to reduce the cost of its operations. It was heard that there had already been interest in the space. Members felt that in order for timescales to be met, officers needed to be reactive and a fourth recommendation to Cabinet was to be added to reflect this.

Having considered the advice of the PAG, the Portfolio Holder RECOMMENDED to Cabinet:

- (1) Capswood1 be vacated completely within 2017;**
- (2) to approve the expenditure of £20,000 to market the ground floor space, and the potential capital expenditure of £115,000 to decant and refurbish the ground floor of Capswood1;**
- (3) to delegate authority to the Head of Environment in consultation with the Portfolio Holder to negotiate a sub-lease for the ground floor of Capswood1 and to spend the £115,000 in point 2 above, subject to let being achieved; and**
- (4) to undertake the tender process for works and refurbishments as soon as practicable.**

The meeting terminated at 6.42 pm

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SUBJECT:	Car Park Strategy
REPORT OF:	Councillor Trevor Egleton
RESPONSIBLE OFFICER	Chris Marchant Head of Environment
REPORT AUTHOR	Julie Rushton, ext. 6877 jrushton@chiltern.gov.uk
WARD/S AFFECTED	All South Bucks

1. Purpose of Report

- 1.1 To present Members with a Car Park Strategy for consideration for South Bucks.

2. Recommendations

- 2.1 Introduce a five year Car Park Strategy that sets out the Council's aim and objectives, along with associated parking operations for the District.
- 2.2 That subject to Cabinet and full Council approving the Strategy, the Head of Environment be authorised to implement the Strategy for the District of South Bucks.

2a. Reason for Recommendations

- 2a.1 An effective parking Strategy will help to further a wide range of objectives such as, economic vitality of South Bucks Towns and Villages.

3. Content of Report

Strategy

- 3.1 Introducing a Car Park Strategy enables us to openly set out our aims in respect of off street parking in South Bucks, along with the action we propose to take to ensure the car parks meet the needs of the local community. Consultation also enables us to engage with customers and receive feedback to ensure the final document is agreeable to the majority.
- 3.2 The proposed Strategy (attached at Appendix A), sets out SBDCs objectives for car parking in the District. This includes supply and demand, car park maintenance, parking charges/season tickets, parking for specialists groups etc.
- 3.3 The Strategy also shows that we recognise our customers and thus are able to set objectives that are appropriate, relevant, and beneficial to the residents and local businesses in the area.
- 3.4 In addition, the Strategy sets out management of the car parks, along with the enforcement action taken to ensure the parking regulations are adhered.
- 3.5 To enable customers to have a better understanding of the legalities to introduce/amend parking restrictions, an overview of the legal process has been provided.
- 3.6 Parking is a sensitive issue, particularly the enforcement side. A key element to reduce any misconceptions and promote a fair and consistent approach for all is transparency. This is a key priority for the Department for Communities and Local Government (DCLG)

Parking Report

- 3.7 Currently, there is no mandatory requirement for local authorities to produce an annual parking report, although it is good practise to have one in place. The Operational Guidance for parking enforcement suggests as such.
- 3.8 Attached at Appendix B is the 2015/16 annual parking report for SBDC. The report provides statistical information in relation to parking fines for the year to which the

report refers. This includes the number of appeals received in respect of parking fines, the number of fines cancelled due to an appeal, and debt recovery information. The report also provides current information in respect of the car park provision, this includes, parking tariffs, season ticket prices etc.

- 3.9 The vision is for the parking report to sit alongside the Strategy and provide the detail element. This removes the need for the Strategy to be updated during the life of the document, should any changes occur on the car parks, and acknowledges DCLG's request for transparency.
- 3.10 The general period for publicising parking reports is six months after the financial year to which the performance statistics refer. Publishing the data at the same time each year enables true year on year comparisons.

4. Consultation

- 4.1 If agreed, consultation will commence with Overview and Scrutiny, Bucks County Council as the highway authority, Thames Valley Police, and the Parish Councils. Notices will also be placed in the car parks.

5. Options

- 5.1 Take the decision not to have a Car Park Strategy.
- 5.2 Approve the Strategy in its existing format and agree for consultation to commence.
- 5.3 Approve the Strategy in principle, but in a different format, so detail in respect of tariffs etc. are included in the one document. The downside to this option is that as changes occur, the Strategy would become dated and regularly require updating.

6. Corporate Implications

- 6.1 Legal Implications
The purpose of the document is to clarify the Council's car parking policy and thereby reduce the risk of a challenge to future decisions regarding the car park estate.
- 6.2 Financial Implications
There are no known financial implications to introducing the Car Park Strategy.

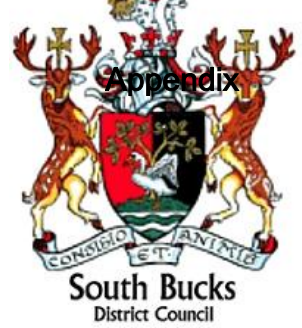
7. Links to Council Policy Objectives

- 7.1 SBDC's car parks contribute to the Council's medium term aim of planning for a thriving and sustainable South Bucks, with vibrant towns and villages.
- 7.2 This matter also contributes towards the Council's aim to deliver value for money services driven by customer and community needs.

8. Next Step

- 8.1 If the recommendations are agreed officers will commence consultation to implement the Strategy

Background Papers:	None other than referred to in this report
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South Bucks District Council

Car Park Strategy 2018 - 2023

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FOREWORD

It is widely recognised that parking takes up a lot of land and costs money to provide and to maintain. It also affects everyone in the community whether we are looking for somewhere to park or coping with the impact of other people's parked vehicles.

The availability of parking space determines how we travel and where we travel to. Parking availability influences the vitality and viability of local towns/villages, along with the attractiveness of tourist spots and residential areas.

Our customers vary depending upon demographics, their primary reason for parking, and the motoring group they fall under. One common factor is that parking features at the beginning and end of a visit for those customers using the car parks, and as such, the car parks are the first and last impression of a given area.

By recognising that parking is no longer a standalone issue, but a crucial element in the essential transport network to make South Bucks a safe and healthy place to live and work we are able to implement a strategy that considers the needs of parking users. This five year Car Park Strategy identifies actions necessary to provide a sustainable modern parking service, which achieves a balance between local needs and the wider, more strategic requirements for parking.

In addition, by effectively managing the parking provision we are able to encourage use of other sustainable travel methods such as public transport without penalising customers in rural areas that do not have access to alternative travel modes, or disabled badge holders who may not be able to use public transport due to restricted mobility.

One of the priorities of the Department for Communities and Local Government is to ensure that the enforcement of parking restrictions is transparent, consistent and fair. South Bucks District Council (SBDC) recognises that openness and accountability is critical to gaining public support and therefore in addition to this Car Park Strategy we endeavour to publish an annual parking report, which provides information on the parking account. We hope that by publishing this data our customers will be aware of our dedication to improving the parking provision for residents, businesses, and visitors to the District.



Councillor Egleton
Portfolio Holder for Resources

INTRODUCTION

South Bucks District lies in the western sector of the South East region, situated between Greater London to the east and Reading and Oxford to the west. The District is bordered by a number of larger urban areas, in particular, Greater London to the east, Slough to the south, Maidenhead to the west, and High Wycombe to the north-west.

The District is principally rural, being located wholly within the Metropolitan Green Belt around London. Some 87% of the land in the District is designated as Green Belt and agriculture is the most extensive land use. The only areas not designated as Green Belt are the larger settlements of Beaconsfield, Burnham, Denham Green, Farnham Common, Farnham Royal, Gerrards Cross, Iver, Iver Heath, New Denham, Richings Park and Stoke Poges. The settlements are primarily residential in nature and of a very pleasant character. The District also has a number of smaller and more rural settlements situated within the Green Belt. A number of the settlements include Conservation Areas.

Large parts of the District's countryside are very attractive, crossed by rural lanes, and include extensive woodlands (including Burnham Beeches), heathland, agricultural land, private parks and estates. A small part of the District lies within the Chilterns Area of Outstanding Natural Beauty

South Bucks is within an area, which consistently has one of the lowest unemployment rates in England. The ONS 2014 mid-year population for South Bucks was 68,560. Of the resident population, 64% are economically active. Around 52% of those in work commute out of the District for their employment, principally to Greater London. Conversely, about 65% of the jobs in the District are taken by people commuting into South Bucks

Transport links with adjoining areas are very good, with the M4, M25 and M40 motorways all crossing the District. There are also good rail links to London and to Banbury via the Chiltern line and to London and the West via the Thames line. The District's population is highly mobile, with about one out of every two households having the use of at least two cars. Heathrow Airport is situated just to the south east of the District.

SBDC currently has ten pay and display car parks located across Beaconsfield, Burnham, Gerrards Cross and Farnham Common. These are regulated by the South Bucks District Council Off Street Parking Places Order 2010 (as amended). On street parking is regulated by Bucks County Council.

STRATEGIC OBJECTIVES

Parking provision and management is a key element of Buckinghamshire's Local Transport Plan 4 (LTP4) and whilst parking restrictions are rarely popular with motorists; a population in excess of 68,000, and regular visitors to the South Bucks District, mean that without them there would be significant reduction in the number of parking spaces available.

The question is, how can we best support the local economy, residents and businesses, and seek to minimise the impact on Climate Change? The list below sets out our parking objectives for the next five years:

Parking facilities

- Provide good quality public car parking facilities.
- Recognise the different characteristics of the four areas in the District of South Bucks with public parking facilities and provide parking provision appropriate to local circumstances.
- Provide sufficient parking for both short and long stay users.
- Provide a balance between short and long stay users where required by using a structured payment system.
- Maintain a charging structure that maximises the use of existing car parks, whilst managing a balance between economic and environmental objectives.
- Maintain a clear circulatory route around the car parks to maintain traffic flow and prevent obstruction.
- Make sure car parks are available for use by motorists and not taken up by illegally parked vehicles.
- Work to improve the safety of all car park users by dealing with dangerous and indiscriminate parking by encouraging responsible parking
- Provide adequate signage in the car parks with clearly stated terms and conditions that are easy to follow.
- Liaise with County Council to ensure adequate highway car park direction signs for ease of access.

Community

- Seek to support the vitality of local towns and villages through effective car parking management.
- Provide a turnover of available parking spaces for areas of high demand.
- Provide a charging structure that supports communities and the overall strategy.
- Provide parking opportunities for drivers to use more sustainable modes of transport.
- Dissuade commuter parking where it is necessary to accommodate users of our towns and villages. This is essentially in areas where the availability of land restricts the opportunity to increase car park capacity.
- Maximise off street parking capacity to reduce on street parking.
- Provision of parking options which encourage business and tourism and meet the needs of workers and residents.

- Meet the needs of customers with special requirements such as disabled badge holders.
- Ensure adequate provision for the different motoring groups.
- Offer a percentage discount for season ticket holders to aid local businesses and evening/weekend permits to support residents.
- Support crime reduction initiatives.

Efficient Parking Management

- Reduce the burden on the taxpayer and shift the cost of car parking provision towards the service users.
- Manage the Council's car parking assets in a cost effective manner.
- Ensure a cost effective and efficient car park management regime.
- Ensure car park services are carried out to a high standard in terms of economy, efficiency, safety and effectiveness.
- Provide a cost effective enforcement service.
- Continue to audit, and review the level of parking availability in South Bucks and plan accordingly.

Customer Focused

- Develop effective communication with customers in order to promote the service and gather information to aid service development.
- Ensure that the car park service is developed and delivered on the basis of good information on car park usage and customer needs.
- Improve information for customers.
- Continually seek to improve customer parking experience with varied payment options.
- Endeavour to provide an overall positive customer experience in the use of Council owned off-street car parks in the District.
- Monitor the effectiveness and value of parking controls and respond to public needs.
- Communicate changes clearly through appropriate communication channels.
- Publish an annual parking report detailing financial and statistical information for the previous financial year.
- Place the customer at the heart of everything we do

RECOGNISING OUR CUSTOMERS

South Bucks District Council is committed to listening and understanding customer needs and ensuring customers are at the heart of everything we do. We aim to deliver services that continually meet changing expectations and ensure the services we deliver are accessible to all.

Our customer requirements for off street car parking can be broken down as follows:

Local businesses

Require convenient parking for their customers as close to the premises as possible.

Residents

(Specifically if live, near to town centre with limited or no on-site parking).

Will seek to park close to home.

Main needs likely to be evenings and weekends.

May seek reasonable season ticket parking to maintain parking in close proximity to their property at a minimal cost.

Shoppers

Needs will depend on the shopping experience available in the town.

The more variety and volume of shops, the longer the shopper will stay.

The shorter the stay, the closer to the shops the shopper will expect to park.

Visitors

Needs will vary from location to location depending on the tourist and social offerings (coffee shops, bars, restaurants in the area). May require 3-5 hours parking including evening parking.

Require clear direction signage to the car parks.

Workers

Require full day parking

Flexibility around parking tariff bands to accommodate half day/varying shift patterns.

Parking fees may be a significant cost for low paid workers, who may be tempted to try to locate “free” parking away from the car parks.

Commuters

Require long stay parking with good transport links.

Ideally, car parks located close to Railway stations.

In addition to the above, once parked customers require safe passageway in the car park.

The list is by no means absolute and feedback is welcomed.

ACTIONS TO ACHIEVE OBJECTIVES AND MEET CUSTOMER NEEDS

Car Park Provision:

Supply and Demand

The LTP4 identifies the need for effective parking management and the role of parking in managing demand for parking within towns and villages. It identifies that appropriate parking can make a significant contribution to town centre economic vitality and that appropriate parking levels are important to ensure that the local economy is supported.

SBDC recognises the importance of car travel in the District as a means of boosting local economy and providing essential links to public transport facilities. As such, we seek to deliver a balanced approach to car parking that provides sufficient capacity to support economic growth and provide the necessary parking provision to facilitate travel to national destinations.

In April 2014, the Council commissioned a study to be undertaken of SBDC car parks. The results of the study showed that demand was on the increase and additional car parking supply would be required in the future. In addition, the outcome of the survey showed that by 2033 there is likely to be significant parking stress with little or no spare capacity. A more recent survey undertaken in 2017 confirmed these figures and work is underway to address the essential demand for car parking across South Bucks to ensure a sufficient supply is in place to meet current and future demand.

The current occupancy figures show that the parking situation reflects the need for additional parking as predicted in the parking studies, although the significant parking stress is considerably earlier than predicted.

Demands on parking provision vary across the district; this can be affected by many variables including growth in population, change to infrastructure, and growth in car ownership.

The Department for Transport has published traffic growth predictions to 2025. These show an increase of up to 23% for urban areas and a slightly higher increase of 31% in rural areas. Rail passenger growth for the South East is expected to be between 34-42% by 2030 and the 2011 Census prediction for population growth in South Bucks is 22.6%. These growth predictions can affect the parking provision and on the local economy if effective parking management is not in place. .

In anticipation of the growth, particularly Rail passenger and population growth for the District, and consequently the impact this will have on parking pressures, we aim to continually audit, and review the level of parking availability and plan accordingly. In addition, we work alongside partner organisations to maintain a good understanding of the parking operations across non-council car parks so these can be taken into account when reviewing parking supply and demand for the District.

The aspiration for the car parks is to maximise space whilst maintaining an 85% buffer to allow for flexibility at peak times. Where the demand consistently increases beyond his usage the Council will seek where possible to develop existing car parks to increase parking capacity. The priority for parking provision will be given to short stay for shoppers and visitors to the District in order to support the vitality of towns and villages.

The current parking provision in each area, including the number of car parks, parking spaces, and tariffs is provided on SBDC's website and in SBDC's Annual Parking Report.

The report also provides information regarding forthcoming changes to the car park provision, along with changes that have happened in the 12 months since the previous report.

When designing car parks we follow general guidance for the size of the bays and aim to provide a clear and safe route around the car park to allow manoeuvres without causing accidental damage or putting the safety of people at risk.

Parking for Specialist Groups

There is a need to make provision for the specialist requirements of certain persons or vehicles, whose needs are not met by the provision of standard car parking spaces. These are listed below.

For actual off-street provision including space allocation for the different motoring groups within the car parks, please refer to SBDC's Annual Parking Report.

Parking for Disabled

Suitable and sufficient disabled parking for blue badge users is important to support mobility and independence.

Many people with reduced mobility are dependent on cars for getting around. This is irrespective of whether they drive themselves or ride with someone else. The ease, with which they can reach their destination, is usually determined by where they can park.

Provision should be considered on an individual car park basis as some car parks may not be suitable for use by the disabled, e.g. car parks that are remote from the potential destinations or those accessed by routes with steep gradients. A reduced provision may be appropriate at such locations.

SBDC adheres to the recommended standard for parking allocation of disabled parking bays whilst considering the car park locations and the closeness to which the car park is to local amenities.

The position of disabled bays in a car park is key to customer experience. We endeavour to allocate disabled bays close to a pedestrian exit on a route that is suitable for wheelchairs. To accommodate those with limited mobility the bays are positioned where there are no steps, bollards, or heavy doors. In a multi storey car park, disabled bays would be positioned on the same level as pedestrian access, or close to a lift with wheelchair access.

Concessions of the Blue Badge apply to on street parking. Off Street parking concessions vary from District to District and it is up to the car park owner as to whether concessions of the Blue Badge are available. In SBDC car parks Blue Badge holders may park free of charge.

Motor Cycle Parking

There are no designated bays in the District; motorcyclists may currently park in a standard parking bay. Provision for motorcycles will be assessed on demand. Consequently, if designated bays are introduced they will be clearly signed and the terms and conditions of motorcycling parking will be stated on the tariff board.

Electric Vehicle Parking

Rising demand in electric vehicles and electric vehicle owners brings forth the increase in demand for electric charging points across South Bucks.

To contribute towards the government's commitment to drive forward the market for ultra-low emission vehicles, whilst also addressing the carbon consequences of motoring, we endeavour to consider provision of charging points for electric vehicles within the life of this strategy, where funding permits.

Motorhomes / Coaches / Lorry Parking

The car parks are unsuitable for these motoring groups as overnight parking is not permitted and parking bays are standard for cars. Height restriction barriers also apply.

Security and MaintenanceSecurity

All of our car parks have been awarded the Safer Parking Park Mark award. The award is an initiative of the Association of Chief Police Officers designed to reduce criminal behaviour within the parking environment. The scheme is managed by the British Parking Association and is supported by the Home Office.

To obtain the award an investigation is carried out by the police to assess the facilities in place and to ensure the parking area is of a high standard in relation to cleanliness, signage, surveillance and lighting. Once the Police are satisfied that the parking area sufficiently meets the appropriate standards and that it is correctly managed and maintained, the safer park mark status is awarded. To ensure car parks continue to meet the required criteria the award is renewed on a yearly basis following a re-assessment.

Maintenance

To ensure we continually meet the criteria to achieve the award we endeavour to maintain the car parks to a high standard.

Each month the car parks are fully inspected and a record of the visits are logged. The inspection includes checking the surfacing, markings, drainage, lighting levels, cleanliness, fencing/boundary, signs, car parking furniture, recycle centres (if applicable). Any defects are noted and remedial works are requested. These are carried out as soon as possible with priority given to safety. In addition to monthly checks, the Civil Enforcement Officers (CEOs) visit the car parks regularly throughout the day. On each visit the pay and display machines are checked and the officers remain vigilant for any defects that may have occurred. These are reported the same day.

Parking Charges

The objectives of the District Council's charging policy is to derive revenue from charged car parks, support the LTP4, and improve the vitality of the local economy by promoting short stay parking. Details of the current tariff structure are available on the Council's website and in SBDC's Annual Parking Report.

The car park charging structure is reviewed annually to ensure that the charges are competitive with those of neighbouring authorities. A list of neighbouring authority charges is provided in Appendix A.

The comparison shows that the short stay charges levied in South Bucks are reasonable when compared to most of the neighbouring authorities. Similarly, all day charges are reasonable when compared with other districts.

Most notable are the long stay tariffs in Hillingdon, Watford, and West Berkshire. These are considerable higher than the long stay charges in South Bucks.

The cost of parking in each of the car parks is fair, reflecting the quality of the facility. It is important to note that for many the cost is the least important factor when considering the location and standard of the facilities. This is particularly the case for visitors and to a lesser extent for shoppers. Workers will usually seek slightly cheaper parking at a further distance to their destination.

The current level of charging for short and long stay parking varies from area to area. For simplicity, the Council is aiming to align the charges across the car parks where it is possible to do so; taking in to account the needs of the local communities.

In line with government policy on integrated transport systems there may be a time in the future when we are required to review the parking charges to discourage the use of cars in the short term. SBDC will approach this review when attractive alternative ways of travelling into towns is available.

When making any changes to the parking charges the Council follows the relevant statutory process that is applicable at the time of the change.

Methods of Payment

All customers benefit from flexible payment options although their needs and the duration of their stay will vary. As new technologies become available, the method of payment options will be reviewed to ensure a variety of user friendly options are available providing choice to those who may not wish to pay using just one payment method.

Currently, parking in SBDC car parks can be paid for in the following ways:

Payment Machines

The ratio of payment machines to car park capacity is important, so too is the distance customers are expected to walk to purchase a ticket and return to their vehicle in order to display the ticket. If there is only one pay and display machine in a car park there is always a risk of a loss of income in the event of a machine failure. However, it is difficult to justify more than one machine for car parks with less than 60 spaces.

In larger car parks, it is important that machines be spaced uniformly throughout the car park in order to reduce the distance users have to walk to purchase a ticket after parking their vehicle.

There are currently an adequate number of payment machines in the car parks, although this is not without difficulty if a car park has one machine and that machine shows a fault.

The machines are linked to a central database, which reads the data from each pay and display machine. This information is vital for enforcement evidence, cash reconciliation and car park usage. In addition to car park information, the database is able to notify us of any machine faults; these are reported and rectified as soon as possible.

The machines do not give change.

Mobile phone payment

RingGo pay by mobile option is available in all SBDC car parks. Each car park has a unique reference number provided on the signage. This number is required to ensure you purchase parking for the correct location.

There are additional services offered to the customer using the system, these are:

- VAT receipts on line.
- Text confirmation that parking has been purchased.
- Text to remind that the time purchased is about to expire.
- Parking time may be topped up providing any maximum stay for that car park is not exceeded.

Please note that charges apply for using this service.

When patrolling the car parks the CEOs have access to the list of vehicles that parking has been paid for and can therefore enforce in the normal manner.

Season Tickets

Season Tickets are discounted against the daily parking tariff to support local businesses and workers. They are available to purchase for any SBDC car park for periods of 3months, 6months, and 12months.

For full details on season ticket prices, the application process, and renewals, please see SBDC's Annual Parking Report, which is available to view on the Council's website.

To maintain the short stay/long stay ratio and enable availability of space for daily paying customers, the number of season tickets that can be issued at any one time is capped. These are reviewed on a regularly basis.

In addition to the above, Resident season tickets are available to purchase for any of the car parks to be used Monday to Friday between 6pm and 8am and all day Saturday/Sunday and bank holidays. These season tickets support local residents who have no off-street parking facilities, as they avoid the need to make a specific payment when they arrive home in the evening and at weekends.

The terms and conditions for the season tickets are listed below. They must be read in conjunction with the car park conditions of use, which are stated on the tariff boards in the car parks. Failure to comply with the conditions could result in a PCN being issued.

- Season tickets are issued at the discretion of SBDC. If the scheme is abused the Council reserves the right to withdraw the ticket.
- Season tickets issued shall be marked with the nominated car park and are only valid for the car park for which they have been issued.
- Season tickets are not transferable.
- A lost season ticket will only be replaced up on receipt of the appropriate fee. If a season ticket is later recovered no refund will be given
- Whilst every effort is made to maximise car parking space availability, purchase of a

season ticket does not guarantee a parking space.

- Season tickets are issued and registered against a specific vehicle registration. They are not transferable. Up to two registration numbers allowed on one season ticket, however only one vehicle can be on park at any one time.
- Season tickets should be displayed on the left hand side of the windscreen in clear view so they can be seen by the CEOs (unless a courtesy car at which point SBDC must be informed immediately).
- For change of vehicle season ticket holders are required to contact SBDC's Parking Services. A copy of the new V5 document is required to enable a new season ticket to be issued.
- Season tickets that are no longer valid due to change of vehicle **must** be returned to Parking Services within 7 days of the new season ticket being issued.
- Payment must be received in full for a season ticket to be issued.
- Season tickets will only be cancelled when surrendered to Parking Services
- SBDC reserves the right to amend the terms and conditions of the season ticket. Should any changes occur we will advise accordingly.
- The onus is on the season ticket holder to apply for a renewal at least 7 days prior to the commencement date of the new season ticket.
- The Season ticket is issued under the various regulation, bye laws and orders relating to car parks and the Council accepts no liability or responsibility for personal injury, (whether fatal or otherwise) or for loss or damage to property unless caused by negligence of the Council or its employees.

Car Park Suspension

SBDC may at times have cause to close a car park or part of for a period of time. A minimum of 7 days' notice is required unless the nature of the closure is due to essential works and consequently, delaying the suspension could present a safety risk.

REMOVAL OF VEHICLES

In certain circumstances, it may be necessary for SBDC to arrange for the removal of a vehicle from its car parks.

This could be due to:

- A vehicle has been abandoned.
- A vehicle is causing an obstruction.
- A vehicle is a danger to other users of the car park.
- A vehicle has been burnt out.
- A vehicle is parked for the sole purpose of being sold.

If a vehicle is deemed abandoned and in a dangerous condition, or parked in a dangerous location, a 24hr destruction notice will be applied to the vehicle. In extreme circumstances i.e. the vehicle is burnt out, it will be removed immediately.

If the vehicle is deemed abandoned but not in a dangerous location or condition, a 7day destruction notice will be applied to the vehicle, with a letter sent to the registered keeper. If the vehicle is not claimed or moved after this period of time, SBDC will arrange for the vehicle to be removed and disposed of.

For vehicles that are deemed abandoned but are taxed and in good condition a two week monitoring period will be initiated, after which, if there is no contact by the registered owner a 7day notice will be applied to the vehicle. If at the end of this period, the vehicle has not been moved SBDC will arrange for the vehicle to be removed from the car park and placed in secured storage.

For further information regarding abandoned vehicles, please refer to SBDC's Abandoned Vehicle Policy. A copy of which can be found on SBDC's website.

Vehicles that are parked for the sole purpose of being sold are parked in breach of SBDC's Off Street Parking Places Order (OSPPO). These vehicles run the risk of being removed and placed in secure storage.

Once a vehicle has been removed, the owner may arrange to have the vehicle returned, or, provide information about the new owner. The new owner will have 14 working days to respond to written notice before the vehicle is disposed of.

If a vehicle owner makes no contact within the storage period SBDC will arrange for the vehicle to be disposed of.

The owner will be required to pay all recovery costs that may apply; removal, storage, and disposal.

CIVIL PARKING ENFORCEMENT

Introduction / Amendment to OSPPO

Before enforcement can commence, an OSPPO must be in place. This is the legal Order that is required to enable SBDC to introduce parking restrictions on the car parks. Under the provisions of RTRA 84, SBDC can implement and amend the OSPPO to regulate and enforce parking contraventions. SBDC's policy for processing and implementing or amending the OSPPO is in accordance with the statutory legal process; this is as follows:

- A review is undertaken of the car park in question and a report of detailing our recommendations is drafted and presented to members of the relevant Policy and Advisory Group. If agreed, the report is presented to Cabinet for approval to proceed with the proposals.
- Public consultation. Notices are advertised in the local press and copies are displayed in the car parks for the public to view.
- Consultation period. This lasts for 28 days from when the notices are posted. During this period the general public may make comments on the proposals by writing to the Council.
- Objections. All comments are considered by the Council and the objectors informed of the outcome. This may result in the proposals not being introduced, or amended.
- The relevant markings, signs, machine configuration are then put into place.

Enforcement of Car Park Regulations

Civil Parking Enforcement (CPE) is essential to the delivery of the Car Park Strategy. Vehicles that are parked in contravention of car park regulations cause congestion and obstruction in a car park and reduce the availability of space. This has a detrimental impact on the local economy by discouraging visitors. Greater compliance and a better understanding of parking regulations help to support the vitality of a town; this is achieved with a consistent enforcement regime. For the legal background on CPE, please refer to SBDC's Annual Parking Report.

The level of enforcement helps shape the public's compliance to parking restrictions, with little or no enforcement generally leading to higher levels of illegal and inappropriate parking. To maintain a balance between the levels of compliance we consider acceptable and the level of enforcement necessary to achieve that balance, the enforcement regime is regularly reviewed and monitored.

Parking Contraventions

There is a national list of parking contraventions with two levels of charging. The more serious contraventions are charged at the higher level of £70.00 (£35.00 if paid within 14 days of issue) and the less serious contraventions are charged of the lower level of £50.00 (£25.00 if paid within 14 days of issue). Below is a list of parking contraventions that SBDC enforces on, including the relevant level of charge.

CODE	DESCRIPTION OF CONTRAVENTION	Charge Level
73	Parked without payment of the parking charge	Lower
74	Using a vehicle in a parking place in connection with the sale or offering or exposing for sale of goods when prohibited	Higher
80	Parked for longer than the maximum period permitted	Lower
81	Parked in a restricted area in a car park	Higher
82	Parked after the expiry of time paid for in a pay & display car park	Lower
83	Parked in a car park without clearly displaying a valid pay & display ticket or voucher or parking clock.	Lower
84	Parked with additional payment made to extend the stay beyond time first purchased	Lower
85	Parked in a permit bay without displaying a valid permit.	Higher
86	Parked beyond the bay markings.	Lower
87	Parked in a disabled person, parking space without clearly displaying a valid disabled person's badge	Higher
89	Vehicle parked exceeds the maximum weight permitted in the area as defined in the Off Street Parking Order	Higher
91	Parked in an area not designated for that class of vehicle	Higher
92	Parked causing an obstruction	Higher
93	Parked in a car park when closed as a car park	Lower
94	Parked in a pay & display car park without clearly displaying two valid pay and display tickets when required	Lower
95	Parking in a parking place other than the designated purpose for the parking place	Lower

Once a Penalty Charge Notice has been issued, there is a three stage appeal process that may be followed if a motorists wishes to contest the Notice. SBDC deals with appeals in accordance with The Civil Enforcement of Parking Contraventions (England) Representations and Appeals Regulations 2007. For in-depth information on the appeals process, please refer to SBDC's Annual Parking Report.

ENFORCEMENT RECOVERY ACTION

SBDC will undertake all action necessary to recover debt in relation to the issue of a Penalty Charge Notice. The recovery stages that SBDC will follow are:

Charge Certificate

If payment is not received, a Charge Certificate may be issued which increases the original charge by 50%. It occurs, not less than 28 days beginning with the date on which:

- The Notice to Owner is served and no formal representation has been received;
- A Notice of Rejection of Representation is sent and no appeal is made to TPT;
- The adjudicator's decision to dismiss the appeal is served on the appellant.

Debt Registration

If, after 18 days from the issue of the Charge Certificate, payment is not received, the Council will register the debt at County Court. There is a £7 fee for each case that is registered; this cost is passed on to the motorist. Once the debt has been registered, an Order for recovery of unpaid penalty charge is served.

Warrant of Control

If, after 21 days from the issue of the TE3 payment has not been received the Council will seek approval from the court to issue a Warrant of Control. This enables an Enforcement Agent to be appointed. The Enforcement Agent has the power to apply fees in addition to the debt, and seize goods and sell them to recover the debt. This includes clamping and removing the vehicle.

If you do nothing or do not act quickly, you may lose your right to pay the PCN at the discounted amount, or your right to appeal. Ultimately leading to you having to pay considerably more.

It is important that you pay the PCN as early as possible to keep costs down for you or, appeal within the allotted timeframes to ensure you are not disappointed by being out of time.

PARKING ACCOUNT

SBDC is committed to providing customers with a professional, personal and friendly service. We are also instrumental in providing a parking service that is consistent, fair to all, and transparent.

On an annual basis, we publish a parking report that provides information relating to the parking account for the previous financial year. This includes but is not limited to the number of PCNs issued, including representations/cancellations, along with Debt recovery and collection rates. In addition, we aim to provide an update to any changes to the parking provision and service that has taken place since the previous parking report, along with any forthcoming changes that are in the pipeline.

In accordance with the Local Government Transparency Code 2014, parking income and expenditure has been published on SBDC's website.

GLOSSARY

CEO	Civil Enforcement Officer
CPE	Civil Parking Enforcement
LTP4	Local Transport Plan 4
OSPPO	Off Street Parking Places Order



Annual Parking Report 2015/16



SOUTH BUCKS
District Council

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INTRODUCTION

Welcome to South Bucks District Council (SBDC) first Annual Parking Report. The report has been produced in conjunction with SBDC's five year Car Park Strategy, a copy of which is provided on SBDC's website: <http://www.southbucks.gov.uk/article/3183/Parking>

The report has also been introduced in line with Part 6 of the Traffic Management Act 2004 and complements the information submitted in accordance with the Local Government Transparency Code 2014.

The purpose of the report is to provide factual information regarding our parking enforcement operations, up to date information on the parking facilities, and general information on parking throughout the South Bucks District.

One of the priorities of the Department for Communities and Local Government is to ensure that the enforcement of parking restrictions is transparent, consistent, and fair. SBDC recognises that openness and accountability is critical to gaining public support and by publishing our Annual Parking Report, we hope that our customers will be aware of our dedication to improving the parking regime for residents, businesses, and visitors to the District.

We thank you for taking the time to read this report. We hope you will find the contents interesting, and that it will give you a better understanding of the parking service we provide.

CIVIL PARKING ENFORCEMENT

The Legal Background

In 2012, South Bucks District was designated as a Civil Enforcement Area for parking contraventions, which meant that parking enforcement transferred to Civil Parking Enforcement (CPE). This was with the exception of all off-street parking places provided by SBDC pursuant to section 32(1)(a) of the Road Traffic Regulation Act 1984(b). SBDC followed suit on 4 April 2017 and consequently, CPE is now consistently applied throughout the District.

This means that SBDC is able to enforce regulations on the car parks to minimise illegal parking in accordance with the Traffic Management Act 2004. The notices issued are no longer breaches of the criminal law enforceable through the criminal justice system, but instead Penalty Charge Notices (PCNs) are a civil debt owned by the Authority. There are a number of differences, which include, but are not limited to:

Road Traffic Regulation Act 1984

- Criminal law - commit an offence
- One penalty charge of £80 discounted to £40
- Enforcing officers are PAs
- Driver liable for the charge.
- Dealt with at Magistrates court.

Traffic Management Act 2004

- Civil law - contravene a parking restriction.
- Parking penalties appropriate to seriousness of the contravention. £70 (higher) £50 (lower) discounted £35/£25
- Enforcing officers are Civil Enforcement Officers (CEOs)
- Keeper at date of event (otherwise classed as registered/owner unless proven otherwise) is liable for the charge
- Three stage appeal process with option to appeal to the Traffic Penalty Tribunal (TPT). This is a judicial process which enables the third stage appeal to be reviewed by an independent adjudicator
- Power to inspect blue badges.
- Powers to serve PCN by post if CEO commenced issue but is unable to serve due to aggressive/ threatening behaviour or the vehicle is driven away.
- Warrant of control enforceable by Enforcement Agents

Parking Enforcement

SBDC has a team of CEOs enforcing the car parks across the whole of the District. Shift rotas ensure that CEOs are on duty seven days a week.

Enforcement Officers not only provide advice and assistance to those wishing to park in the District but also a key role in assisting visitors with signposting and general information.

To protect the CEO's from allegations of inconsistency, favouritism or suspicion of bribery, they do not have the powers to exercise discretion. All appeals in relation to the issue of a PCN are dealt with by specially trained appeal officers who are knowledgeable and experienced in CPE. This promotes greater consistency in the approach taken to enforce the parking regulations.

Enforcement does not affect drivers who park their vehicle correctly, pay the correct parking tariffs or display valid season tickets/badges where applicable.

A PCN can be served by affixing it to the windscreen of the vehicle, handing it to the driver of the vehicle, or by post subject to the following:

- If the CEO has been prevented, for example by force, threats of force, obstruction or violence, from serving the PCN either by affixing it to the vehicle or by giving it to the person who appears to be in charge of that vehicle; and
- If the CEO had started to issue the PCN but did not have enough time to finish or serve it before the vehicle was driven away and would otherwise have to write off or cancel the PCN.
- Where the contravention has been detected on the basis of evidence from an approved device (this currently only applies to on street)

Once a PCN has been issued, the Notice can either be paid or disputed by following the appeal process.

Parking Contraventions

All SBDC controlled car parks have signs within or at the entrance to each car park. These signs provide details of the tariff and restrictions that are in place. Motorists are advised to read these signs to ensure they are aware of the restrictions before they park their vehicle and leave the car park.

Some of the car parks within the District have a maximum stay parking restriction. The parking time available in each of the car parks is displayed on the tariff board. For example, if the maximum parking time that can be purchased is three hours, then three hours is the maximum stay on that car park on any given day. If appealing against a PCN issued for this reason you will need to prove that you did not park for longer than the maximum period.

THE APPEALS PROCESS

Where a parking contravention occurs, it is the 'owner' of the vehicle involved who is legally obliged to pay the penalty charge. The 'owner' means the person by whom the vehicle is kept, which in the case of a vehicle registered under the Vehicle Excise and Registration Act 1994 (c.22) is presumed (unless the contrary is proved) to be the person in whose name the vehicle is registered at the DVLA. It is therefore essential that any changes of vehicle ownership are immediately notified to the DVLA.

When allowing other persons to use their vehicles, vehicle owners should bear in mind that it is still they, the vehicle's owner and not the vehicle's driver who will be liable to pay any penalty charges incurred in respect of parking contraventions.

The only exception to this is where the vehicle was hired from a firm under a hiring agreement and the person hiring it had a signed statement of liability in respect of any Penalty Charge Notice served in relation to the vehicle during the currency of the agreement.

Vehicle owners may dispute the issuing of a PCN at three stages:

1. Informal

An informal 'challenge' or 'representation' can be made before the Council issues a Notice to Owner (NtO). (This does not apply in the case of a PCN issued by post, as the PCN then also acts as the NtO). As a challenge at this stage will be made by the person who has received the PCN, it may be that the person submitting the challenge was the driver of the vehicle, rather than the vehicle's owner.

The PCN number should be included in the challenge along with reasons why the Notice has been incorrectly issued or compelling reasons why the PCN should be cancelled. Where applicable, include documentary evidence to enable the challenge to be fully considered.

If the challenge is rejected and it was received within 14 days from the issue of the PCN, a further 14 days in which to make payment at the discounted rate will be given. Once the 14 days have expired the full charge will be applicable. If the challenge is rejected and it was received after the 14 day discount period, the full penalty charge will be due.

2. Formal

If payment is not received within 28 days of the PCN issue date, the Council will make an enquiry to the DVLA for the Keeper at date of event. An NtO will then be served requesting payment of the PCN. At this stage the owner has 28 days in which to make formal representations to the Council. The NtO sets out specific grounds on which formal representations may be made. However, representations may also be made on the basis that, in the particular circumstances of the case there are compelling reasons for the cancellation of the penalty charge.

If the formal representation is accepted the case will be closed and payment will not be required. If the representation is rejected, the full charge will be applicable and a 'Notice of Rejection of Representation' will be sent.

Statutory grounds on which a formal representation may be made to the Council and where, in the instance of supporting evidence, the PCN is likely to be cancelled:

- The contravention did not occur.
- The recipient has never owned the vehicle in question.
- The recipient had ceased to be the owner before the contravention date or, became the owner after that date. (Proof of sale or purchase will be required. If the vehicle has been sold, the name and address of the person buying the vehicle must also be supplied in order that the Council can redirect the Notice and serve a Notice to Owner to the new owner. It is not acceptable to simply say the vehicle was sold to somebody else without proof. A letter from DVLA confirming you was not the owner at the date of event may assist the Council in making a decision).
- The vehicle was a hire vehicle, on hire under a formal hire agreement. (A copy of a signed hire agreement, which includes the start and end dates will be required).
- The vehicle was parked without the owner's consent. (This does not cover cases such as lending the vehicle to a friend who then parks illegally; or to a vehicle which is parked illegally whilst in the hands of a vehicle repair or service business). If the vehicle has been stolen, the Council will require details of the crime reference number and the name of the police station to which the crime was reported or a letter from an insurance company.
- The Penalty Charge exceeded the amount properly due (i.e. the amount is more than you are legally liable to pay – not that you feel the charge is too much).
- The Order was invalid (i.e. the Council had not followed the proper statutory steps in making the order). If the basis of the challenge is that the terms and conditions of a car park are unclear, Ground 1 above should be used.

Representations may also be made on compassionate grounds or “compelling reasons” and councils have a duty to act fairly, proportionately and apply discretion where appropriate. Each case will therefore be considered on its own merits and all mitigating circumstances will be taken in to account.

Mitigating Circumstances which may apply:

- Pay and display ticket face down in the vehicle. Copy of the valid ticket is required.
- Pay and Display machine faulty. This is subject to another Pay and Display machine not being available on the car park and our maintenance records supporting the claim.
- RingGo - payment made for the incorrect car park. If a PCN has not previously been cancelled for a similar reason, a first offence waiver is likely to be given.
- You became unwell while driving or whilst parked. Evidence of having a medical condition that is consistent with the symptoms described will be required.
- The vehicle had broken down. Evidence of breakdown is required such as, an authenticated garage repair/ vehicle recovery bill. .
- A Blue Badge displayed incorrectly (badge can partly be seen in the vehicle). Copies of both sides of the badge will be required to check against our records. If a PCN has

not previously been cancelled for a similar reason, a first offence waiver is likely to be given.

- The vehicle was on police, fire brigade or ambulance duties. Supporting evidence by a senior officer on letter headed paper is required.
- The owner liable for payment of the PCN is said to have died or the motorist claims to have been recently bereaved. The circumstances will be confirmed by sensitive enquiry.
- Circumstances that fall into the category of a statutory exemption due to provisions within South Bucks District Council Off Street Parking Places Order.

The above list is not exhaustive and there can be many reasons to take into account when considering challenges or representations.

A PCN is unlikely to be cancelled on the following grounds:

- You had only parked for a few minutes.
- You had gone to get change for a pay and display machine.
- You were not causing an obstruction.
- There was nowhere else to park.
- Pay and display ticket / permit not on display.

The above list is by no means exhaustive.

The process of dealing with challenges and representations against the issue of PCN's is well documented and will be carried out in a fair, unbiased and consistent manner. These procedures include the ultimate right of all appellants to refer the matter to an independent arbitrator; the Traffic Penalty Tribunal.

To preserve the integrity of these procedures, they will be managed and carried out by the administration and processing staff in Parking Services and no undue external pressure shall be brought by either Members or senior officers of the Council, designed to unduly influence the decisions by virtue of their position alone.

3. Appeal to TPT

Following a 'Notice of Rejection of Representation', the owner (or hirer, if the vehicle was on hire when the PCN was issued) may, within 28 days from the date of issue of the 'Notice of Rejection of Representation' appeal to the Traffic Penalty Tribunal. The adjudicators have a judicial position and are appointed with the agreement of the Lord Chancellor. They are independent of the Council and their decision is final (subject to their own power to review a decision).

The appellant has the choice of a postal decision, a personal hearing at the town or city of his/her choice, or a telephone hearing. If the appeal is accepted, the case will be closed and payment will not be required. If the appeal is dismissed the full penalty charge is payable.

General information on associated rules and regulations, which may assist motorists in deciding whether to pay or to challenge a PCN, can be found on the PATROL website www.patrol-uk.info.

Outstandings can be quite upsetting for some motorists and we are sensitive to these needs. SBDC's Parking Services Team are experienced in parking issues and customer care and are able to address any concerns motorists may have whilst progressing through the appeal process.

As a Local Authority, we recognise that customer expectations change and therefore to ensure we continue to successfully deliver a quality service that is both effective and efficient, we regularly monitor our working methods and frequently review our staff training requirements.

PARKING IN SOUTH BUCKS

Car Park Provision



We provide public parking facilities to assist with traffic management, environmental improvements, and to support our community by ensuring sufficient availability of space to meet the demands of residents, shoppers, visitors, and local businesses.

The tables below outline all of SBDC's public car parks, along with their current tariffs and the maximum length of stay. Also provided is information specific to a given area.

Beaconsfield

Located in the North of the District with good transport links into London, the surface level car parks service tourists, local workers, shoppers, and commuters. The two larger car parks regularly operate in excess of 95% occupancy. Careful monitoring of the parking provision is required with additional parking capacity to be considered if land opportunities arise.

Charging period Monday to Sunday 08:00 to 20:00

Car Park	No. of Spaces	Tariff	Max Stay
Altons	176	1hr-£1.30; 2hr-£1.90; 3hr-£2.50; 4hr-£3.20; 8hr-£5.00; 12hr-£6.00	12hr
Penncroft Rd	101	1hr-£1.30; 2hr-£1.90; 3hr-£2.50; 4hr-£3.20; 8hr-£5.60; 12hr-£6.60	12hr
Warwick Rd	50	1hr-£1.30; 2hr-£1.90; 3hr-£2.50; 4hr-£3.20; 8hr-£5.00; 12hr-£6.00	12hr
Total Spaces	327		
Sunday and Bank Holiday Charges - £1.20 all day across all car parks			

In a bid to prevent commuters from being the all-consuming customer on SBDC car parks in Beaconsfield and enable parking space to be available for shoppers and visitors, a restriction has been placed on the different payment methods. Consequently, payment for parking cannot be made before the charging period starts at 8:00.

Burnham

There are a number of surface car parks providing ample parking provision for local workers, shoppers, and parents dropping off/picking up children from nearby schools where there is little or no on-site parking. The most frequently used car park operates on average between 50% and 93% occupancy

Charging period Monday to Sunday 08:00 to 20:00

Car Park	No. of Spaces	Tariff	Max Stay
Jennery La	65	30mins-£0.60; 1hr-£1.10; 2hr-£1.30	2hr
Neville Ct	25	2hr-£0.40; 4hr-£0.60; 24hr-£1.10	24hr
Summers Rd	58	1hr-free; 2hr-£1.00; 3hr-£1.40; 24hr-£2.20	24hr
Total Spaces	148		
Sunday and Bank Holiday Charges - £1.20 all day across all car parks			

Jennery Lane has a toilet on the car park. This is open to members of the public to use.

Farnham Common

Located centrally in the South Bucks District the surface parking provision, which services local workers, shoppers, and visitors, has an average occupancy rate of 80%.

Charging period Monday to Sunday 08:00 to 20:00

Car Park	No. of Spaces	Tariff	Max Stay
The Broadway	73	30mins-£0.50; 3hr-£1.10; 24hr-£1.50	24hr
Sunday and Bank Holiday Charges - £1.20 all day			

Gerrards Cross

Located in the North East of the District with good transport links into London, the car parks services tourists, local workers, shoppers, and commuters. Parking pressures exist on all of the car parks with the largest car park regularly operating at 99% occupancy. There are concerns that if the situation does not improve visitors will be deterred from returning thus impacting on the economy of the town. The long term aspiration for car parking in Gerrards Cross is for a multi storey car park.

Charging period Monday to Sunday 08:00 to 20:00

Car Park	No. of Spaces	Tariff	Max Stay
Bulstrode Way	34	1hr-£1.20; 2hr-£1.80; 3hr-£2.40	3hr
Packhorse Rd	69	1hr-£1.20; 2hr-£1.80; 3hr-£3.40; 4hr-£4.20; 24hr-£6.50	24hr
Station Rd	122	1hr-£1.20; 2hr-£1.80; 3hr-£2.40; 4hr-£3.10; 24hr-£4.50	24hr
Total Spaces	225		
Sunday and Bank Holiday Charges - £1.20 all day across all car parks			

The long term aspiration for car parking in Gerrards Cross is for a multi storey car park. The vision is for the car park to be built on the existing 122 space surface car park on

Station Road; the aim of which is to support the local businesses and residents by providing additional parking capacity to alleviate parking supply and demand issues in the area. The additional capacity will also support seasonal peaks such as Christmas and local event days.

General

Height restrictions are in place on some car parks.

The car parks are unsuitable for Motorhomes / Coaches / Lorry Parking as overnight parking is not permitted and the parking bays are the standard 4.8 x 2.4 bay sizes. The height restriction barriers also restrict access.

Each car park has at least one tariff board informing customers of the rules and regulations of the car park, along with a pay and display machine.

Whilst there is not a current demand for electric vehicle charging points across South Bucks it is likely that the use of electric vehicles will increase in the future and so too will electric vehicle owners. To contribute towards the government's commitment to drive forward the market for ultra-low emission vehicles, whilst also addressing the carbon consequences of motoring, we endeavour to consider provision of charging points for electric vehicles within the life of the existing Car Park Strategy.

Motorcycle parking is free on all SBDC car parks. Motorcycles must be parked in a marked bay, or a designated motorcycle bay (if applicable).

Pay and Display Machines

All of our pay and display machines are supplied by Cale Briparc. Each machine is serviced regularly and checked on a daily basis to ensure they are in full working order.

Should any problems occur, faults are logged and rectified as soon as possible. To report a fault please contact Parking Services on 01494 732252 or email parking@chiltern.gov.uk

Payment is by coins only. The machines do not give change.

RingGo Pay by Mobile

Each car park has a unique reference number provided on the signage. This number is required to ensure you purchase parking for the correct location. Please note; the following charges apply when purchasing parking using this payment option.

- Service charge per session £0.15p
- Text confirmation £0.10p / Text reminder £0.10p

Additional services are available to the customer, such as;

- VAT receipts on line.
- Text confirmation that parking has been purchased.
- Text to remind that the time purchased is about to expire.
- Parking time may be topped up providing any maximum stay for that car park is not exceeded.

Car Park Suspension

SBDC may at times have cause to close a car park or part of for a period of time. A minimum of 7 days' notice will be given unless the nature of the closure is due to essential works and consequently, delaying the suspension could present a safety risk.

The Blue Badge Scheme

The Blue Badge Scheme provides a national arrangement of parking concessions for people with limited mobility that travel as either drivers or passengers. The Scheme also applies to registered blind people, and people with severe upper limb disabilities who regularly drive a vehicle but cannot turn a steering wheel by hand.

The concessions of the scheme apply to on-street parking only and it is important that all badge holders, carefully read the contents of the booklet before attempting to use their badge. Off Street parking concessions vary from District to District and it is up to the car park owner as to whether concessions of the Blue Badge are available. Blue Badge holders are therefore advised to always check the prevailing parking conditions of the area to which they are visiting.

SBDC has designated off street disabled parking bays and the concessions of the Blue Badge apply in all SBDC car parks, providing a valid Disability Badge is correctly displayed. For information on the number of designated disabled bays in each car park, please see the list below:

Location	No. of Bays	Location	No. of Bays
<u>Beaconsfield</u>		<u>Burnham</u>	
Altons	5	Jennery Lane	7
Penncroft Road	3	Neville Court	1
Warwick Road	2	Summers Road	4
<u>Gerrards Cross</u>		<u>Farnham Common</u>	
Bulstrode Way	2	The Broadway	3
Packhorse Road	5		
Station Road	5		



Blue badges in Buckinghamshire are issued by Buckinghamshire County Council. Their contact details are:

Buckinghamshire County Council
Social Services Department
County Hall
Aylesbury
Bucks, HP20 1YU

Tel: 01296 382902

Fax: 01296 383182

Email: disabledcarbadges@buckscc.gov.uk Website: [Apply for Blue badge](#)

To help eliminate the potential misuse of Blue Badges, The Traffic Management Act 2004 introduced the "power to inspect". This means that should a CEO ask to see your badge, you must show it to them. If you do not, you will be breaking the law and could be fined up to £1,000.

Please ensure your badge is clearly displayed to avoid the risk of being issued with a Penalty Charge Notice.

Season Tickets

Season ticket prices vary depending on the location and the car park. The discount levels for 3th and 6mth season tickets regardless of the car park or location are set at 15% for a 3mth season ticket and 20% for a 6mth season ticket. The discount for the 12mth season ticket is consistent with local competitors.



Season tickets for any particular car park are issued to a maximum of 50% of the capacity of the car park. This is to maintain the short stay/long stay ratio and enable availability of space for daily paying customers.

2017/18 season ticket prices for each area can be seen below:

		3mth	6mth	12mth
<u>Beaconsfield</u>				
	Altons	293	552	1,035
	Penncroft Road	322	607	1,138
	Warwick Road	293	552	1,035
<u>Burnham</u>				
	Jennery lane	107	202	379
	Nevile Court	53	101	189
	Summers Road	107	202	379
<u>Farnham Common</u>				
	The Broadway	73	138	258
<u>Gerrards Cross</u>				
	Bulstrode Way	317	598	na
	Packhorse Road	351	662	na
	Station Road	317	598	na

Season ticket terms and conditions

The terms and conditions for the season tickets are listed below. They must be read in conjunction with the car park conditions of use, which are stated on the tariff boards in the car parks. Failure to comply with the conditions could result in a Penalty Charge Notice being issued.

- Season tickets are issued at the discretion of SBDC. If the scheme is abused the Council reserves the right to withdraw the ticket.
- Season tickets issued shall be marked with the nominated car park and are only valid for the car park for which they have been issued.
- Season tickets are not transferable.
- A lost season ticket will only be replaced on receipt of a £10.00 fee. If a season ticket is later recovered no refund will be given
- Whilst every effort is made to maximise car parking space availability, purchase of a season ticket does not guarantee a parking space.
- Season tickets are issued and registered against a specific vehicle registration. They are not transferable. Up to two registration numbers allowed on one season ticket, however only one vehicle can be on park at any one time.
- Season tickets should be displayed on the left hand side of the windscreen in clear view so they can be seen by the CEOs (unless a courtesy car at which point SBDC must be informed immediately).
- For change of vehicle season ticket holders are required to contact SBDC's Parking Services. A copy of the new V5 document is required to enable a new season ticket to be issued.
- Season tickets that are no longer valid due to change of vehicle **must** be returned to Parking Services within 7 days of the new season ticket being issued.
- Payment must be received in full for a season ticket to be issued.
- Season tickets will only be cancelled when surrendered to Parking Services
- SBDC reserves the right to amend the terms and conditions of the season ticket. Should any changes occur we will advise accordingly.
- The onus is on the season ticket holder to apply for a renewal at least 7 days prior to the commencement date of the new season ticket.
- The Season ticket is issued under the various regulation, bye laws and orders relating to car parks and the Council accepts no liability or responsibility for personal injury, (whether fatal or otherwise) or for loss or damage to property unless caused by negligence of the Council or its employees.

Season tickets can be renewed on line.

Please visit: <http://www.southbucks.gov.uk/article/3401/Season-tickets>

To apply for a season ticket please contact Parking@Chiltern.Gov.uk for an application form.

Resident Parking

Resident Permits are available to purchase for any of the car parks to be used Monday to Friday between 6pm and 8am and all day Saturday, Sunday, and bank holidays. These permits help to support local residents who have no off-street parking facilities, as they avoid the need to make a specific payment when they arrive home in the evening and at weekends.

The cost of a 2017/18 12 month Resident's Permit is:

Beaconsfield			Gerrards Cross	
Altons	£275		Bulstrode Way	£298
Penncroft Road	£297		Packhorse Road	£312
Warwick Road	£282		Station Road	£282
Burnham			Farnham Common	
Jennery Lane	£168		The Broadway	£48
Neville Court	£54			
Summers Road	£146			

The application and renewal process is the same as a standard season ticket. Please note that the V5 document must state that the vehicle is registered to an address in the relevant area in order for a residential season ticket to be issued.

Park Mark



Park Mark, the safer parking award is an initiative of the Association of Chief Police Officers (ACPO) designed to reduce criminal behaviour within the parking environment. The scheme is managed by the British Parking Association and is supported by the Home Office and all the Police Forces in England, Scotland, Wales and Ireland

To obtain the award an investigation is carried out by the police to assess the facilities in place and to ensure the parking area is of a high standard in relation to cleanliness, signage, surveillance and lighting. Once the police are satisfied that the parking area sufficiently meets the appropriate standards and that it is correctly managed and maintained, the safer park mark status will be awarded. To ensure car parks continue to meet the required criteria the award is renewed on a yearly basis following a re-assessment.

The Council is pleased to announce that all SBDC's pay and display car parks have been awarded the safer park mark status.

STATISTICAL PERFORMANCE

Excess Charge Notices Issued

Statistical information is based on Excess Charge Notices (ECNs) issued in the financial year 2015/16 under The Road Traffic Regulation Act 1984

An Excess Charge Notice is £80.00. This is reduced to £40.00 if payment is received within 14 days from the date of issue. The table below shows the number of Excess Charge Notices issued for each offence during 2015/16.

Offence Code	ECN's
Parked after the expiry of paid for time	332
Parked in a car park without clearly displaying a valid pay & display ticket or voucher or parking clock	1,228
Parked beyond the bay markings	68
Parked in a disabled person's parking place without clearly displaying a valid disabled person's badge in the prescribed manner	52
The vehicle has been left in an access road/exit	4
Total	1,684

Representations and Cancellations

The table below shows that 329 Excess Charge Notices were cancelled as a result of an informal or formal representation. This is approximately 20% of the overall Excess Charge Notices that were issued.

Description	Total ECN's 2015/16
ECN's Issued	1684
Number of ECN's against which an informal or formal representation was made	567
Number of ECN's cancelled as a result of an informal or a formal representation	329
Number of ECN's cancelled for other reasons (e.g. CEO error, driver untraceable)	120

The main reasons for cancelling Excess Charge Notices were:

45% Pay and Display ticket/season ticket in vehicle but not fully displayed to allow validity to be checked.

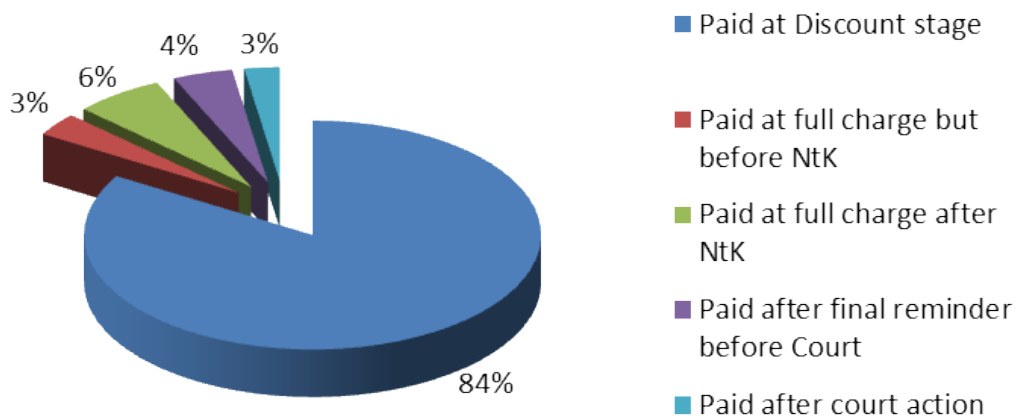
- 31% Pay by mobile customer logged incorrect vehicle registration/location.
- 11% Disabled badge displayed incorrectly/partly obscured.
- 9% Discretion exercised due to mitigating circumstances.
- 4% Pay and display machine fault

The Excess Charge Notices that have been cancelled for 'driver untraceable' are mainly due to the Owner/Keeper details not being able to be obtained from the DVLA within the specified time. These account for 39% of the Excess Charge Notices cancelled for 'other reasons'; foreign vehicles account for 4%.

Recovery of Excess Charge Notices

The pie chart below outlines the percentage of payments received at the various stages and the actions taken to recover the Excess Charge Notices, which were issued throughout 2015/16

Collection Rates



The overall collection rate for 2015/16 was 76%. Of the remaining 24%; 20% of Excess Charge Notices were cancelled as a result of a representation being received; 1% were cancelled as a result of other reasons; and 3% are currently live in the system and are being pursued.

Magistrates Court

In addition to the above, 50 motorists were successfully convicted of Excess Charge Notice offences at the Magistrates Court in 2015/16.

FREQUENTLY ASKED QUESTIONS

(In relation to CPE)

How do I pay a PCN?

Online:

www.southbucks.gov.uk/parking

Cheque/Postal Order:

Please make payable to South Bucks District Council and send to: Parking Services, King George V House, King George V Road, Amersham, Bucks, HP6 5AW. Please quote your PCN number and vehicle registration on the reverse of your payment.

Can I pay in instalments?

To be eligible for the 50% discount, payment must be received within 14 days from the date the PCN was issued. It would therefore not be in your best interest to enter into a payment plan at this stage.

Can I pay in installments once the discounted period has expired?

A payment plan will be considered if you can provide evidence that you are in receipt of a means tested benefit.

Can I pay at the discounted rate to stop the charge progressing and then still appeal?

No, once payment has been received it is deemed that liability has been accepted and the case is closed.

How do I appeal a PCN?

All appeals must be in writing:

- **Online:** www.southbucks.gov.uk/parking
- **Post:** South Bucks District Council, King George V House, King George V Road, Amersham, Buckinghamshire HP6 5AW

My vehicle would not fit in the bay

Parking outside the bay markings causes inconvenience to other car park users. It is not acceptable to state that your vehicle was too large or the vehicle next to you was parked out of bay, so you did. It is a driver's responsibility to ensure the vehicle is parked correctly.

I was only just parked over the bay markings. Do I still have to pay?

Bay markings are in place to ensure safety and prevent inconvenience to other users of the car park. When vehicles are parked over the bay markings valuable parking space is lost. In addition, access could be restricted for emergency vehicles.

My meeting / doctor's appointment over ran

It is a motorist's own responsibility to ensure enough parking time is purchased to cover the length of stay.

I am new to the area and did not know what the charges are / how to pay for parking

Tariff boards are displayed in all of the car parks detailing the terms and conditions of the car park along with the relevant charges and different payment methods. This information is also provided on the Council's website. It is the motorists' responsibility to ensure they check the conditions of use in the car park and adhere to them.

My disability badge fell to the floor when I closed the car door / I forgot to display my badge.

When Blue Badges are not on display and forwarded at a later date, it leaves the scheme open to abuse. Blue Badge holders are required to display their badge as stated in the 'The Blue Badge scheme: rights and responsibilities in England', which is to display the badge on the dashboard or facia panel, where it can be clearly read through the front windscreen.

I was not the driver, am I still liable?

Under TMA04, the registered owner/keeper of the vehicle is liable for any PCNs that are issued, unless the vehicle has been stolen, or a signed hire agreement is in place.

I sold the vehicle but do not know the name and address of whom I sold it to.

When you sell/dispose of a vehicle, you have a legal obligation to inform the DVLA. In order for the notice to be redirected written confirmation is required from the DVLA stating you were not the registered owner/keeper of the vehicle at the date of event. Failure to obtain and provide this information could result in the charge being pursued with you.

What happens if I ignore the PCN?

Please do not ignore. A PCN is a civil debt, which could result in bailiff action being taken if the Notice progresses and then is successfully registered as a debt at county court.

Where does the money from parking enforcement go?

The law states that parking enforcement must be self-financing. Any surplus income after the costs of administration and enforcement are deducted, goes back into the Council's overall reserves, which is allocated as required to benefit the needs of the community

Where can I obtain further information on CPE

Useful links have been provided on page 19.

A hardcopy of TMA04 can be obtained from Her Majesty's Stationery Office.

USEFUL LINKS

Buckinghamshire's Local Transport Plan 4

<http://www.buckscc.gov.uk/media/4063873/BCC-Local-Transport-Plan-4.pdf>

DATA.GOV.UK

<https://data.gov.uk/>

PATROL

<http://www.patrol-uk.info/>

South Bucks District Council - Car Parks

<http://www.southbucks.gov.uk/article/3183/Parking>

South Bucks District Council - Policy Documents (Abandoned Vehicle)

http://www.chiltern.gov.uk/policy_documents

Traffic Advisory Leaflet 5/95 April 1995 - Parking for Disabled People

<http://www.ukroads.org/webfiles/TAL%205-95%20Parking%20for%20Disabled%20People.pdf>

GLOSSARY

CEO	Civil Enforcement Officer
CPE	Civil Parking Enforcement
ECN	Excess Charge Notice
NtO	Notice to Owner
PATROL	Parking and Traffic Regulations outside London
PCN	Penalty Charge Notice
SBDC	South Bucks District Council
TMA04	Traffic Management Act 2004
TPT	Traffic Penalty Tribunal

SUBJECT:	<i>Establishment of a Property Development and Management Company</i>		
REPORT OF:	<i>Leader of the Council</i>	<i>Cllr Bagge</i>	
	<i>Resources Portfolio Holder</i>	<i>Cllr Egleton</i>	
RESPONSIBLE OFFICER	<i>Director of Resources</i>	<i>Jim Burness</i>	
	<i>Director of Services</i>	<i>Anita Cacchioli</i>	
REPORT AUTHOR	<i>Head of Finance</i>	<i>Rodney Fincham</i>	<i>01494 732260</i>
	<i>Principal Solicitor</i>	<i>Sue Markham</i>	<i>01895 837326</i>
WARD/S AFFECTED	<i>All</i>		

1. Purpose of Report

- 1.1 To present for approval the business case for setting up a local authority trading company, focusing on Property Development and Management, and to seek formal agreement to the setting up of this company.

The PAG is asked to advise the Portfolio Holder on the following recommendation(s) to Cabinet :

RECOMMENDATIONS TO CABINET

That Council be recommended:

1. **To approve the business case, as detailed in Appendix A, for setting up a local authority trading company, focusing on Property Development and Management.**
2. **To approve the establishment of a local authority trading company to allow the Council to exercise the power to trade contained in the Local Government Act 2003 and the Localism Act 2011 to facilitate income generation based on:**
 - **The Memorandum of Association detailed in Appendix B**
 - **The Articles of Association detailed in Appendix C**
 - **The Shareholder Agreement detailed in Appendix D.****The Director of Resources to have the delegated authority to agree the final version of these.**
3. **To appoint the Chief Executive and the Director of Services as Company Directors.**
4. **To adopt a new Minimum Revenue Provision (MRP) policy as detailed in Appendix E.**

RECOMMENDATIONS TO CABINET

That Council be recommended:

5. To approve the following SBDC delegations:

- **The Director of Resources to have the authority to make secured loans to the trading company, up to the limits in the approved Company Business Plan.**
- **The Director of Resources to have the authority to make unsecured working capital loans to the trading company, up to the limits in the approved Company Business Plan.**
- **The Director of Resources to have the authority, following consultation with the Leader, to use any sums specifically set aside in the Council's Capital programme to purchase assets on receipt of a viable outline business case.**

6 To note the matters set out in this report relating to the issue of affordable housing, and delegate to the Director of Resources, in consultation with the Leader, authority to establish suitable arrangements to address those points.

7 To delegate to the Director of Resources authority to undertake any further actions to give effect to the contents of this report, in consultation with the Leader.

2. Reasons for Recommendations

- 2.1 There is a robust business case for the establishment of a local authority trading company ***to develop and manage property*** in order to deliver a financial return to the Council.
- 2.2 The company will also deliver wider beneficial impacts eg increasing housing supply and / or new commercial property.

3. Legislative Background

- 3.1 Under the 'general power of competence' introduced by Section 1 of the Localism Act 2011 local authorities have a general power that enables them to do anything that a private individual is entitled to do, subject to certain statutory limitations. However things done for a commercial purpose even under the Localism Act 2011 must be done through a company.

- 3.2 There are specific powers contained in the Local Government Act 2003 which allow a local authority to undertake trading activities. However the Regulations made under the 2003 Act require a business case to be prepared to support the use of the trading powers and the Council must approve the said business case.

4. Business Case

- 4.1 Appendix A sets out the business case that has been produced for the establishment of a Property Development and Management Company owned by SBDC.
- 4.2 The Business Case does not envisage that the Company will repay the Council loans. Instead the Council will continue to receive an interest return. The Council therefore needs to amend its Minimum Revenue Provision (MRP) policy to ensure that it does not have to set aside revenue each year to cover these loans. See Appendix E for further details.

5. Company Structure and Governance

- 5.1 The Company will be a private limited company, with SBDC as the sole corporate shareholder. The proposed Memorandum of Association and Articles of Association are detailed in Appendices B & C respectively.
- 5.2 The primary aim of the company will be:
To develop and manage property in order to deliver a financial return to the Council.
- 5.3 The company will be set up to operate in line with good professional practice, and will be required to follow all local authority planning policies.
- 5.4 The company will be set up with significant commercial flexibility to change and adapt as needed. However there will be a Shareholder Agreement to reserve certain decisions to SBDC (as Shareholder) as detailed in Appendix D.

6. Company Directors

- 6.1 SBDC (as Shareholder) will appoint (and dismiss) the Company Directors.
- 6.2 The role of Company Directors is to oversee the operation of the Company, ensuring it delivers its aim, whilst complying with all the legal and financial duties imposed on companies.
- 6.3 The Company Director's duties include:
- Personally exercising reasonable care and diligence over the Company's dealings.
 - Confining themselves to what the Company was set up to do.

-
- Not fettering their decision-making, and
 - Where there is one, declaring an interest in a proposed transaction with the Company.
- 6.4 Company Directors are required to abide by the seven duties of directors, codified in the Companies Act 2006. Company Directors failing to observe these duties are open to prosecution and there are cases of Company Directors being fined and / or stripped of their ability to be a Company Director in the future.
- 6.5 Where a Company Director is professionally qualified (ie legal, finance) then a higher standard of duty is also expected on those matters that fall within their professional field. The other Company Directors are also able to place reliance on the advice of the professionally qualified Company Directors.
- 6.6 The requirements of Company Directors under the Companies Act can conflict with Members roles as elected members and representatives of their communities. Therefore to minimise Members' exposure to conflict of interest situations, Members are recommended to confine themselves to overseeing the company via the Shareholder role. A strong Shareholder Agreement would facilitate effective Member oversight.
- 6.7 It is proposed that the Company's Board of Directors should:
- Have at least 2 Directors.
 - Initially consist of 2 Directors, with the scope to increase this to up to 5 Directors as the company grows.
 - Have a majority of Directors being senior Council officers, to ensure effective communication between the Council and Company.
- 6.8 It is not recommended that:
- All 3 members of the SBDC Management Team (Chief Executive and the 2 Directors) are appointed as Company Directors. This would ensure that there is always one member of Management Team that is fully independent of the company to avoid conflicts of interest.
 - The Section 151 Officer (Director of Resources) is not appointed as a Company Director, as they have prime s151 responsibility to the Council. This could cause a conflict issue with the s151 Officer proposing a Business Plan as a Company Director, and advising the Council on the viability of the Plan.
 - The Head of Environment is not initially appointed as a Company Director, as they have responsibility for the Council's property estate. They therefore need to be independent when negotiating any Council asset sales to the Company.
- 6.9 It is therefore proposed that initially the Chief Executive and the Director of Services are appointed as Company Directors.

- 6.10 The Board of Directors will be supported by company personnel. It is highly likely that the Company would seek to appoint staff / contractors with relevant expertise and experience to fulfil the Company Secretary role and more importantly to provide leadership and support in relation to property development matters.

7. Company Name

- 7.1 The name of the Company is an important issue. To stress its commercial aims and remit it is considered beneficial to select a name that is not immediately linked to the Council (ie not South Bucks Property Ltd).
- 7.2 However the name could have some local connection. For instance it could be related to:
- | | |
|--------------------|--|
| Rivers in the area | Misbourne, Colne, Alder Bourne |
| Colne Valley | |
| Capswood | |
| Burnham Beeches | ie Beech Tree Property, or Fagales – Latin for beech (trees) |
| Bulstrode | after the scheduled Iron Age monument |
| Waller | after the Beaconsfield poet Edmund Waller |
| Shark Bay | World Heritage Area in Western Australia (twinned to Denham) |
| Pinewood | |
- 7.3 Alternatively links could be made to the Council's crest ie
- | | |
|----------|---|
| Consilio | Taken from motto on South Bucks crest * |
| Animis | Taken from motto on South Bucks crest * |
| Wisdom | Taken from motto on South Bucks crest * |
- * Motto - CONSILIO ET ANIMIS (By wisdom and courage).
- 7.4 The preferred company name is Consilio Property Ltd, and Cabinet are requested to agree this.

8. Development and Approval of Property Schemes

- 8.1 The company will put forward plans / business cases to SBDC (as Shareholder/ funder / land owner) to develop / manage specific schemes / programs of work as and when necessary.
- 8.2 SBDC will provide equity and loan financing to the Company. Loans will be based on commercial terms (to avoid state aid issues).

8.3 Initially developments are expected to be in the South Bucks area. However in order to give maximum flexibility, the Company will be able to operate across the UK provided any schemes are in line with the approved Company Business Plan.

9. Affordable Housing

9.1 An issue that remains to be resolved is the precise details of the governance structures that will be utilised around the holding of affordable housing within a Council controlled subsidiary company. There is a need to ensure that the arrangements adopted are lawful.

9.2 There are a range of options being considered and other councils have considered these options and so these alternative approaches are being reviewed. One option may be to consider incorporating a further subsidiary company to hold the affordable housing, but all options are being considered.

9.3 It is appropriate that members are aware of this and recommendation 6 delegates the final decision on the governance arrangements on this point to the Director of Resources, in consultation with the Leader.

10. SBDC Delegations

10.1 As it is intended for the Company to operate commercially in a competitive environment, it will be necessary for SBDC to implement a number of specific delegations in order to ensure quick decisions are able to be taken when appropriate.

10.2 The following delegations are therefore proposed:

- The Director of Resources to have the authority to make secured loans to the trading company, up to the limits in the approved Company Business Plan.
- The Director of Resources to have the authority to make unsecured working capital loans to the trading company, up to the limits in the approved Company Business Plan.

10.3 In addition the SBDC Capital Programme includes an allocation of £6.75million (18/19 £2m, 19/20 £2.25m, 20/21 £2.5m) to support new development projects primarily through the Property Development and Management Company.

- 10.4 It is therefore proposed to delegate to the Director of Resources authority, following consultation with the Leader, to use any such sums to purchase assets on behalf of the Company on receipt of an outline business case. To support this it is also proposed that SBDC should produce a Property Acquisition / Disposal Strategy.

11. Consultation

- 11.1 Whilst the authority does not by law have to follow any formal consultation process before setting up a trading company, this part of the process (an open report through the Council's decision making process) makes the public aware of the Council's intentions at a formative stage and provides an opportunity to engage with the proposal being considered

12. Options

- 12.1 The Council could undertake developments without setting up a trading company. However any such development could not be done for a purely commercial purpose, as things done for a commercial purpose even under the Localism Act 2011 must be done through a company.
Nb: Even with the company set up, there may well be developments that the Council would wish to undertake outside the company for service delivery or financial reasons.
- 12.2 The Council could restrict itself to developments that do not result in private assured short hold tenancies (and thus not require a company to manage these). However this could restrict returns, and could result in SBDC houses having to be managed via a Housing Revenue Account and being subject to right to buy.
- 12.3 The Council could look to enter into a joint arrangement with a private development partner. A private partner would share the risk and reward of developments. However as the initial opportunities are on Council owned land and are already progressing there is limited benefit from engaging with a partner at this stage. However this does not rule out working with a partner on future opportunities if there is a good reason for doing so.

13. Corporate ImplicationsFinancial

13.1 The business case in Appendix A sets out the financial implications.

Legal

13.2 See section 3 'Legislative Background'.

Risks

13.3 Setting up a Trading Company does come with risks, primarily financial and reputation risks if the company does not trade successfully.

14. Links to Council Policy Objectives

14.1 Setting up a local authority trading company, focusing on Property Development and Management, will support the Council aim of delivering cost effective, customer focused services, particularly by providing a return to the Council and optimising the effective use of resources and assets.

14.2 Setting up a Property Development and Management company could also help ensure that local housing needs can be met.

15. Next Step

15.1 If agreed the Property Development and Management Company will be established and commence trading.

Background Papers:	Cabinet Report 8 February 17 entitled Establishment of a Local Authority Trading Company
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CHECKLIST BOX – for draft report only		
Date and time report submitted:		
Appendices How Many?	Yes Four	
Exempt What paragraph?	No	
Referred to Finance	N/A	Report written by Finance
Referred to Legal Comments received Comments incorporated Report agreed	Yes Yes/No Yes/No Yes/No	12 April 17
Referred to ICT Comments received Comments incorporated Report agreed	N/A	No direct ICT matters
Consulted Cabinet Member/Chairman of Committee	Yes/No/N/A	Discussed with Informal Cabinet on 21 April & 12 May
Are there any background papers	Yes	
Has an Equalities Impact Assessment been carried out?	No	No direct equalities issues
Have any Health & Safety or Environmental Protection Act issues or Sustainability Implications been addressed?	No	No direct H&S / environmental issues

Appendix A**Business Case for the Establishment of a Property Development and Management Company owned by SBDC**

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1. Background

- 1.1 Increasingly local authorities are looking to act more commercially in order to generate revenue income to meet local priorities, particularly since the Localism Act 2011 has given greater freedoms and flexibilities to councils wishing to establish companies.
- 1.2 With specific regard to acting more commercially in the housing market, the national Elphicke-House report (2015) set out how councils could and should become Housing Delivery Enablers. The report suggests that a move towards councils acting as developers and private landlords would be a positive shift, helping to ensure that the local housing needs and demands of an area can be best met.
- 1.3 In a Ministerial Housing Statement on 20th March 2015, Brandon Lewis MP signalled the Government's support for councils setting up local housing companies. Although it should be noted that the Government does not support the setting up of such companies where this is done to deliberately avoid the right to buy.
- 1.4 The rationale for the setting up of a property development and management company can be summarised as follows:
 - The Council is facing significant reductions in Government grant funding and so is looking to be more innovative and behave in more commercial ways to address revenue shortfalls while addressing local issues. Establishing a property development and management company would contribute toward generating revenue income at a greater level than simply selling assets and investing the receipt.
 - Any Council lending to the Company, which would involve prudential borrowing by the Council, would be on a commercial basis generating an internal rate of return.
 - The ability to operate on a commercial basis coincides with addressing certain demand in the housing market, notably the demand for good quality private rented housing.
 - It is widely viewed that the relative immaturity of the Private Rented Sector offers institutions and larger organisations such as local authorities an opportunity to shape the sector, and the Government are encouraging this activity.
 - It is widely recognised that commercial development and housing growth are key drivers to stimulating wider economic growth.
 - There is therefore an opportunity for the Council to provide good quality, well managed commercial property and / or homes while delivering an income stream to the Council to invest in protecting and supporting other services.

2. Aim of the Company

Primary Aim

2.1 The primary aim of the Company would be:

To develop and manage property in order to deliver a financial return to the Council.

Wider Beneficial Impacts

2.2 A series of wider beneficial impacts would also arise because of the establishment of the Company, including:

- Meeting the Council's planning policies relating to the provision of affordable housing, and in doing so contributing to addressing local affordable housing needs - the Company would be required to comply with local planning policies just like any other private developer.
- Contributing to remedying housing supply issues in South Bucks which jeopardise the economic and social well-being of residents and can undermine growth in the local economy.
- Contributing to the Council's Economic Development Strategy by providing new commercial property.
- Providing commercial property to provide local work, in accordance with the Joint Sustainable Community Strategy aspiration of 'supporting the local economy to continue to thrive and provide local jobs for local people'.
- Developing, so long as a clear commercial financial case can be demonstrated, housing of a specialist nature such as keyworker housing, temporary accommodation and retirement housing.
- Acting as an exemplar of good practice in property development and management, with the aim of deriving reputational and commercial benefits for the Council as Shareholder.

Changing the Aim

2.3 As the Company aim will be enshrined in the Company's Memorandum of Association and Articles of Association, changing the aim in the future would require Board and Shareholder approval, and reregistration at Companies House.

2.4 Alternatively if Members wished to pursue different aims in the future, it would be possible to set up new companies to meet these new aims.

3. Case for Establishing a Property Development and Management Company

Options

- 3.1 The proposal to establish a Property Development and Management Company is based on there being an opportunity for the Council to provide good quality, well managed commercial property and / or homes while delivering an income stream to the Council to invest in protecting and supporting other services.
- 3.2 The alternatives are:
- Do nothing beyond supporting new commercial property and / or housing through traditional means, including disposing of land and / or providing financial grants to housing associations. **This is rejected** as the development company approach affords a better use of scarce financial resources and is in line with the Council's developing commercial approach.
 - The Council to carry out all building directly. **This is rejected** as local authorities do not have powers to directly undertake commercial activity and can only do so through a company.
 - Joint venture model with a private developer. **This is rejected** as this option would take time to establish, the structure would compromise the Council's control and flexibility, and revenue income would have to be shared.

The Benefits of Operating through a Company

- 3.3 A company is a particularly good way to operate for the following reasons:
- By clearly asserting the Company's commercial character, it is unlikely to be considered by any parties as being a 'body governed by public law'. This means that it would not be obliged to follow European Union procurement regulations. Therefore the Company would act on the same basis as its competitors, although it could opt to follow EU procurement rules if this was considered beneficial.
 - A company vehicle can potentially extend its operations to wider trading functions, subject to Shareholder approval.
 - A company structure affords flexibility in that it would allow other district authorities or public bodies to be admitted as Shareholders in the future.

The Financial Benefits of Establishing a Local Authority Trading Company

3.4 There are a series of ways in which the Council will be able to generate financial income through a wholly-owned company. Notably:

- **Interest on loans to the Company
(Return earned as Lender)**

The Council has the power to make loans to the Company. Commercial rates would need to be applied to be compliant with State Aid regulations. This would attract a margin over the Council's own cost of (PWLB) borrowing.

- **Receipts from assets sold / leased by the Council to the Company
(Return earned as Seller)**

Council assets will be sold / leased to the Company at market value (in line with State Aid regulations / the duty to obtain best value) and the Council will receive a receipt for the asset, which may be in the form of an equity investment in the company.

- **Distributions of profit made by the Company through dividends
(Return earned as Equity Investor / Shareholder)**

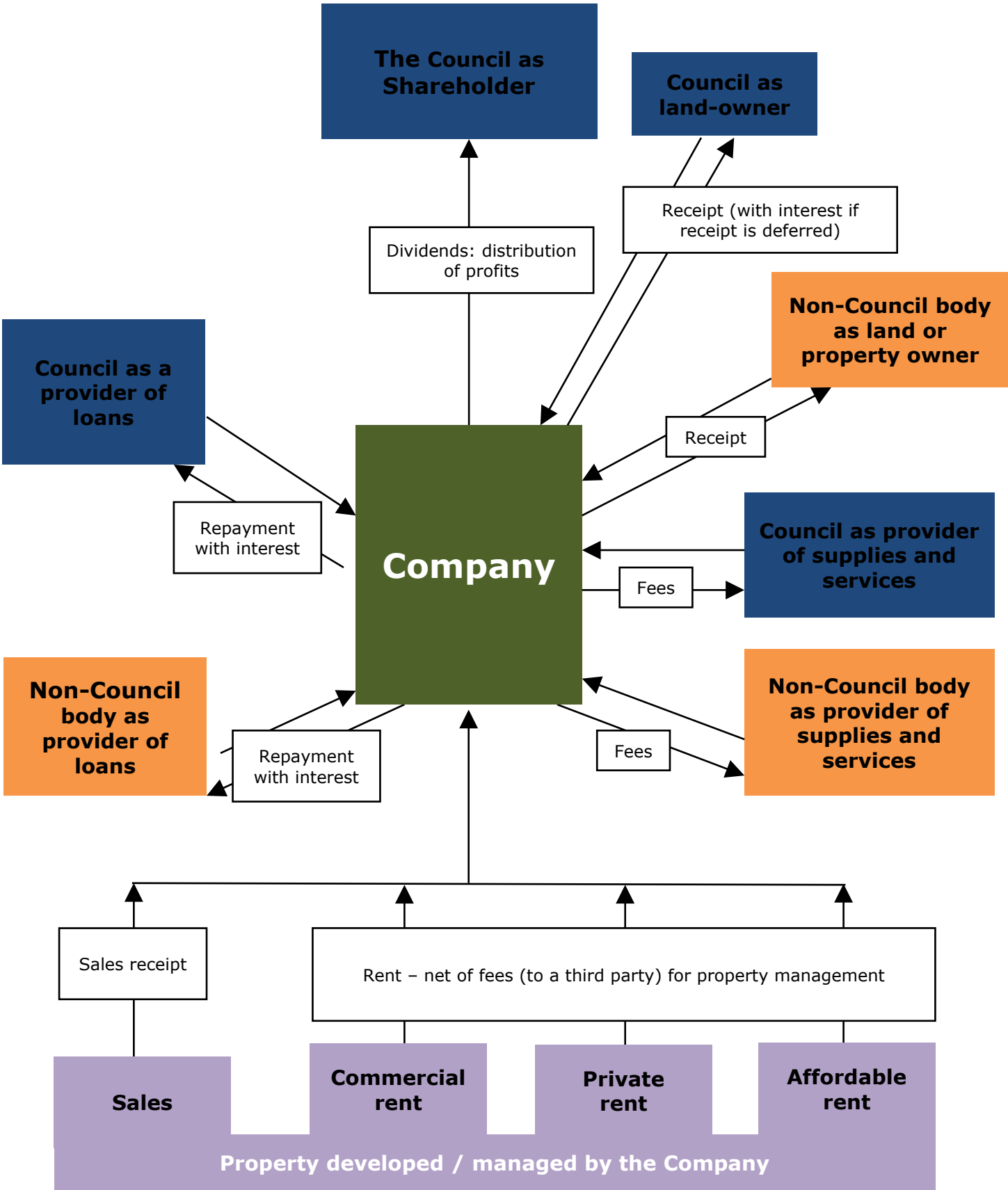
The Company will derive an income from rental income net of management and maintenance costs and / or sales and uplift in the capital value of its assets, net of any overage agreements in place. These profits, net of tax, would be distributed to the Shareholder (the Council).

- **Purchase of services from the Council
(Return earned as Supplier)**

The Company may wish to purchase services such as property development expertise, housing, legal, HR, Finance or IT support from the Council at a market rate. At this stage the assumption has been made that the Council will be able to support these services from within existing staff resources.

3.5 The diagram below shows the possible financial flows between the Company, the Council, and other non-Council bodies. Other non-Council bodies would include the contractors building the properties, and any owners of private land or properties which the Company may acquire in the future. This could also include other sources of loan funding available in the future.

Diagram: Financial flows



4. Legal Considerations and Governance of the Company

Legal Context

- 4.1 Specialist external legal advisors have provided detailed advice on the legal aspects of establishing a local authority trading company, focusing on Property Development and Management. The information in this section of the report has been taken from the advice they have provided.
- 4.2 Section 1 of the Localism Act 2011 provides local authorities with the power to do anything an individual may do, subject to a number of limitations. This is referred to as the 'general power of competence'. A local authority may exercise the general power of competence for a commercial purpose.
- 4.3 Section 95 of the Local Government Act 2003 is also of relevance. The associated regulation, Regulation 2 of the Local Government (Best Value Authorities) (Power to Trade) (England) Order 2009, requires a business case to be prepared and approved by the Council before a company starts trading. This report constitutes that business case for the Property Development and Management Company.
- 4.4 Section 4 of the Localism Act 2011 requires that where a local authority exercises the general power of competence for a commercial purpose it must do this through a company. The Council can rely upon the general power of competence to form a local authority trading company for the purpose of that company developing and managing property.
- 4.5 In order to gain planning permission for development of housing on sites in the South Bucks area, the Company will need to have regard to the Council's Planning Policies, in particular the requirement for larger sites to deliver at least 40% affordable housing.

Form of Company

- 4.6 The legal advice is that the Company should be a company limited by shares. This form of company complies with the ability to trade provisions set out within the Localism Act 2011. South Bucks District Council (as the corporate body) will initially own the entire share capital.
- 4.7 There are certain requirements that will apply to the Company, some of which are statutory, such as the obligation to file annual returns and accounts, while others the Council will be able to determine itself, including the governance arrangements.

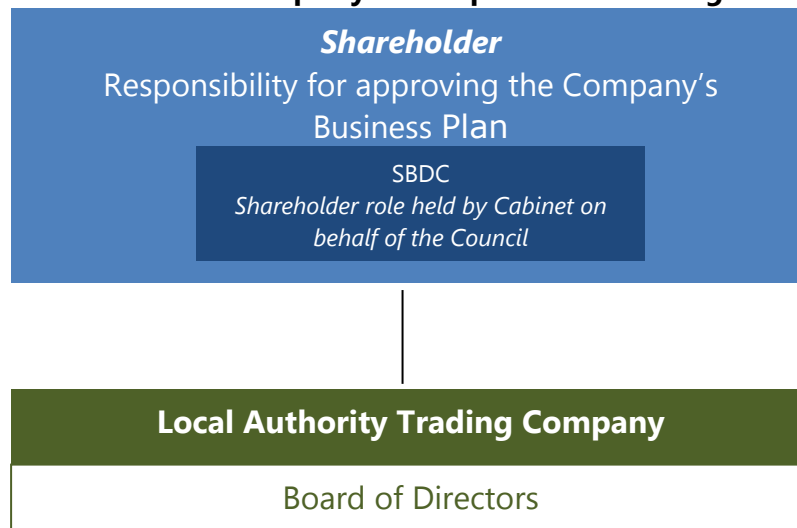
Governance Structure

4.8 The proposed governance structure for the Company is set out in the diagram below. This is viable from both a regulatory and constitutional perspective.

4.9 There are two key components of this structure:

- The Council (as the Corporate body) being the Shareholder
- The Company's Board of Directors.

Governance Structure for the Property Development and Management Company



The Council's Shareholder Role

4.10 Acting in its Shareholder role, SBDC will be charged with protecting the Council's interests as owner of the Company.

4.11 Under the Council's constitution responsibility for overseeing the Company falls within the responsibility of the Executive, ie the Cabinet.

The Cabinet would therefore:

- Advise on the overall strategic direction of the Company.
- Consider, comment on, and suggest content for and amendments to the draft Business Plan produced by the Company.
- Receive and review quarterly trading update reports on the performance of the Company.
- Meet with the Directors of the Company as necessary.
- Consider how the Company could further the priorities of the Shareholder (the Council), while not at any time undermining the Company's primary commercial focus.

4.12 Integral to the Shareholder role is the detailed consideration of the Company's draft Business Plan. Cabinet will discuss its contents with representatives of the Company and seek to satisfy itself of its viability and robustness.

- 4.13 Cabinet will then recommend, or otherwise, approval of the Business Plan by Full Council.
- 4.14 The proposed Shareholder Agreement requires the Company to provide a draft Annual Business Plan to the Shareholder in October each year. This affords the Shareholder (the Council) sufficient time to scrutinise the proposals, seek any clarifications and / or amendments and factor in the capital and revenue implications to the Council's coming year's capital programme and revenue budget, as well as incorporating the longer term implications in the Council's Medium Term Financial Strategy.
- 4.15 The Company will not be able to act outside of the financial caps and limits set in the approved Business Plan without Shareholder consent.
- 4.16 The Council's Overview and Scrutiny Committee would review the decisions of SBDC (as Shareholder) in line with its general scrutiny role.
- 4.17 The Leader would nominate a Member / officer to attend / vote at the Company's Annual General Meeting (on behalf of SBDC as Shareholder). Although, there would be an open invitation for Members to attend the Company's Annual General Meeting, the right to speak and question the Company could only be exercised by the nominated Member / officer (as the Shareholder representative).

The Board of Directors

- 4.18 The Council (as Shareholder) will have the right under the Company's Articles of Association to appoint and dismiss the Company's Directors.
- 4.19 The Company Directors will have full and ultimate responsibility for directing the activities of the Company, ensuring that it is well run and delivering the outcomes for which it has been established.
- 4.20 Company Directors are required to act in line with the Memorandum and Articles of Association and the Shareholder Agreement, with their roles including:
- Ensuring compliance with the Company's objects, purposes and values.
 - Ensuring the Company complies with all relevant regulations and laws.
 - Drawing up the Company's Business Plan for onward submission to the Council (as Shareholder) to consider and approve.
 - Setting budgets, policies and plans.
 - Monitoring performance of the Company.
 - Setting a framework for internal controls.
 - Ensuring the financial strength, solvency and good performance of the Company.
 - Dealing with the appointment and appraisal of staff, should any be directly employed by the Company.
 - Procuring services necessary for the execution of the Company's objectives.

- 4.21 The Company would be legally separate from SBDC, and as such there would be no requirement for agendas, papers and minutes to be published, nor for Board meetings to be open to the public.
- 4.22 The Company would be required to hold an Annual General meeting to discuss such matters as:
- Approval of the Company's Business Plan.
 - Agreement of dividend payments.
 - Approval of the Accounts.
 - Appointment of Auditors.
 - Remuneration (if any) of Directors.
- 4.23 The proposed Shareholder Agreement provides for the Council (as Shareholder) to have the right of access to all Company records, including full financial records. However these will be on a confidential basis, as they are private company records and could be commercially sensitive.
- 4.24 The Council would charge the Company for the time Council officers spend on Company business. The Company would have the discretion to pay any Company Director who does not already receive a salary from the Council.

Does the Council's Interest in the Company Compromise its Commercial Character?

- 4.25 The Company's primary purpose is to act as a commercial entity and make a financial return from developing and managing property. A necessary consequence of such activity undertaken by any private house-builder, and indeed a beneficial one from the Council's perspective, is that affordable housing is also provided. The Council acting as planning authority and promoters of the well-being of the local community and the local economy require private companies to provide affordable homes in line with local needs, as reflected in their planning policies. Requiring the Company to adhere to local planning policies does not compromise the Company's commercial aims. Indeed, it is an everyday occurrence for successful private house-builders to fund planning contributions and affordable housing requirements within their business plans.
- 4.26 The Council has a number of ways in which it can legitimately guide the activity of the Company, including:
- As a Shareholder – Appointing and removing Company Directors, signing off the Company's Business Plan, and signing off any changes to the Company's Memorandum and Articles of Association.
 - As a land owner – Making available land to the Company, and deciding whether or not to dispose of particular sites to the Company. Note: disposal must be at market value so as not to contravene State Aid regulations and to

satisfy the Council's Local Government Act 1972 Section 123 duty to obtain the best consideration that can be reasonably obtained.

- As a funder – Deciding whether or not to make loans to the Company. It is considered that it would be difficult for the newly formed Company to secure affordable loans by any other means. Note: loans must be at commercial rates so as not to contravene State Aid regulations.
- As a strategic housing authority – As when working with any housing developer, directing the required affordable housing mix and / or the need for specialist housing on sites in line with the relevant planning policies.
- As a planning authority – As with any developer, assessing whether a particular proposal by the Company meets planning requirements.

The Council as Funder

- 4.27 The primary task for the Council, when acting as a Funder, will be to assess the Company's viability as an entity, and the viability of each project for which loan funding is being sought. Consideration of a number of factors will need to be taken into account to determine whether to release loan funding to the Company such as: the value of assets available to be used as security; state aid compliant equity versus debt ratios for the Company; policy compliance; and acceptable level of risk exposure for the Shareholder.
- 4.28 The Funder Role also incorporates regularly monitoring and analysing financial information generated by the Company during the lifetime of each loan to ensure that the Company is not in breach of key financial requirements which would be stipulated as funding conditions for each loan.
- 4.29 The key areas the Council in its Funder Role will want to be satisfied with, prior to providing funding for a development, are likely to include:
- That the financial modelling demonstrates that the loan is capable of being repaid.
 - That any loans accord with the Council's approved loan policies, notably with regard to security considerations.
 - There is confidence that the projected rental stream can be maintained.
 - The base level sensitivities, which would in turn trigger warning signals, for the Company's general performance and the performance of each proposed development are properly set and that a sufficient margin is added to the base level to provide reassurance.
 - That the loan is State Aid compliant.

Procurement

- 4.30 The Company as proposed would be unlikely to face a successful challenge that it is a body governed by public law and so would not need to follow public procurement rules. However the Company's Board, acting like any other entity, would need to determine its own procurement policy in accordance with best practice and relevant legislation.
- 4.31 The Shareholder Agreement will oblige the Company to establish and follow its own set of financial regulations and standing orders in line with good professional practice. Some of the financial framework will be contained in the Articles of Association.

5. Financial Case

Overview of Likely Property Schemes

- 5.1 The Company will be set up with significant commercial flexibility to change and adapt as needed. The Company may therefore carry out any number of property related schemes. However the main types of scheme are likely to be as follows:
- Development of land / property currently owned by the Council, to develop a rental stream from the developed assets.
 - Purchase of land / property on the open market followed by development, to develop a rental stream from the developed assets.
 - Purchase of property on the open market, to develop a rental stream from the purchased assets.
- 5.2 The Company could also develop for sale (as opposed to for rent). However this is not currently envisaged as the Company will be aiming to develop a long term revenue stream from managing property.

Financial Operating Model

- 5.3 In outline terms, the financial operating model is as follows.

Funding the Purchase of Land and the Building of Properties

- 5.4 The Company purchases land / property, and builds commercial property / homes of all tenures.
- 5.5 The Company has no assets or financial resources with which to buy the land / property at the beginning of the development, so the Council agrees to sell the land / property to the Company, which initially will (at least partially) be in return for an equity stake in the Company.
Note: At this stage as part of the disposal process the Council could insist on sale conditions ie the asset must be used to provide affordable housing on site.
- 5.6 The Company has no financial resources to pay for the construction of the commercial property / homes, so the Council lends the Company money. The Council charges an interest rate commensurate with market rates.
- 5.7 Once built the Company repays the loan from the Council (for the development) by taking out a loan / mortgage (from the Council) on the developed properties. The loan / mortgage will be secured on the asset to protect the Council's interests. The Council charges an interest rate commensurate with market rates
- 5.8 Note: The rate of interest on development financing is normally higher than mortgage financing, to reflect the higher level of risk. However both rates are likely

to be higher than the Council's rate of (PWLB) borrowing and so this represents an income margin to the Council.

Making a Profit - Company

- 5.9 The Company's on-going profit is the difference between the rent it receives, net of the cost of managing and maintaining the properties, and the interest on the mortgage on these properties. The profits net of any Company running costs and tax payable are available as dividends to the Council (as Shareholder).
- 5.10 In the future, some or all of the properties could be sold with the values achieved, net of repayment of any mortgage still attached to these properties, available as dividends to the Council (as Shareholder).

Making a Profit - SBDC

Interest margin on loans (Return earned as Lender)

- 5.11 The business case is based of prudential borrowing by the Council with on-lending to the Company. The following margins are likely to be achieved:
- 3% (secured) for development finance
 - 2% (secured) for mortgage finance
 - 3% (unsecured) for working capital.

This is based on an estimated 3% cost to the Council to borrow the money from the PWLB.

- 5.12 The actual interest margins will need to be determined on a case by case basis, based on the market rates at the time loans are agreed.
- 5.13 The Council will not be required to make a Minimum Revenue Provision (MRP) for the loans to the Company. Subject to Members agreeing a new MRP policy.

Dividends (Return earned as Equity Investor / Shareholder)

- 5.14 The Company's profits, net of tax, would be available to be distributed to the Council (as Shareholder) and this would be revenue income for the Council.
- 5.15 There is an expectation that the Shareholder(s) will receive dividends annually. However, the amount and timing (when these come to fruition) will need to be set out as part of the business planning process and confirmed annually in the Business Plan and as part of the Annual General Meeting of the Company.

Generic Financial Modelling

- 5.16 The financial viability of property development and management by a wholly-owned company has been modelled using the following example development scheme / costs.

Development Costs		£	
Land Value (Council owned)		900,000	
Development Costs		1,000,000	18 month development period
Development Fees	10%	<u>100,000</u>	
		2,000,000	

Assumptions

- 5.17 The modelling is based on a series of realistic assumptions as follows.
- A gross rental income of 8% is achievable.
 - A vacancy factor of 5%.
 - Property management costs will be no more than 20% of gross rental income.
 - The general cost of running the company is initially no more than £25,000 a year.
 - The corporation tax rate is 20% a year - Detailed tax advice has not yet been obtained so a 20% corporation tax rate has been used, with no adjustment for allowable (including capital allowances) and non-allowable expenses.
- 5.18 The model also assumes that any development would take place within the Company. However there can be tax advantages if SBDC carries out development (rather than the Company). Specifically:
- SBDC can normally reclaim all input VAT back, whereas a Company is more restricted. This can be a particular issue regarding reclaiming VAT on pre development professional fees (ie architects fees) when exempt residential letting are proposed.
 - SBDC is not liable for corporation tax, whereas a Company is. More profit in the Company (rather than in SBDC) equates to more corporate tax. So if development is undertaken by SBDC then corporation tax is not payable on the 'development profit'. Equally a higher interest charge to the Company would shift profit from the Company to SBDC.
 - SBDC is not liable for Capital Gains Tax, whereas the company will be liable for Corporation Tax on the profit ('chargeable gain') from selling or disposing of an asset.

Council Investment

- 5.19 The Council land / property will be sold (or potentially leased if this was financial beneficial) to the Company at market value (in line with State Aid regulations / the duty to obtain best value) and the Council will receive a receipt for the land in the form of an equity investment in the company.

5.20 The Council is also assumed to be the main funder of the Company for the development costs.

5.21 The table below shows the total Council investment in the Company.

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
	£	£	£	£	£	£	£
Council Investment							
Equity Amount (Land value)	900,000	900,000	900,000	900,000	900,000	900,000	900,000
Loan Amount (Development phase)	733,333	550,000					
Loan Amount (Mortgage value)		550,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000

Nb: This is based on the Council not requiring the loan amount to be repaid over time.

5.22 When funds are required for the development phase, these are assumed to be available from the Council (as Lender) as secured loans. These will accrue a 6% rate of return up until the loan is repaid by the Company.

5.23 Development loan repayments will take place following the development as part of a refinancing agreement.

5.24 Following the development, a long-term loan / mortgage will be taken out by the Company secured on the property portfolio so refinancing can take place.

5.25 It is assumed that the Council (as lender) will provide the long term (30 year) loan / mortgage. Although as the loan could be secured against the properties the Company may in due course be able to access alternative funding.

5.26 Interest will be payable at a rate of approximately 5% on these long term secured loans.

5.27 Note: Further consideration will be required by the Council as Lender on the loan security value against the loan value. I.e a bank would not lend to the Company if the Company was not also risking its own equity and thus the Company needs equity investment in order to be commercial venture. The amount of equity is determined by the amount of loan compared to the value of the company. For the purposes of the model the security value is assumed to be sufficient.

Working capital loan(s)

5.28 It is likely that a working capital balance for the Company will also be required and the Council will be the main funder for this. This working capital will take the form of an unsecured loan agreement and will accrue a 6% rate of return. It is proposed that initially a facility of £500,000 is provided to enable the Company to start transacting.

5.29 As it is unknown what working capital is required, and as it would be a loan facility that can be called upon when required, the analysis below excludes the interest payable / receivable.

Business Case - Company

5.30 The table below details the Company's revenue budgets over the next few years.

		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
		£	£	£	£	£	£	£
Business Case - Company								
Gross rental income	8%		80,000	160,000	160,000	160,000	160,000	160,000
Vacancy factor	5%		-4,000	-8,000	-8,000	-8,000	-8,000	-8,000
Management costs	20%		-16,000	-32,000	-32,000	-32,000	-32,000	-32,000
Operating costs	Fixed	-25,000	-25,000	-25,000	-25,000	-25,000	-25,000	-25,000
Development interest	6%	-44,000	-33,000					
Mortgage interest	5%		-27,500	-55,000	-55,000	-55,000	-55,000	-55,000
Tax	20%		0	-8,000	-8,000	-8,000	-8,000	-8,000
Profit for year		-69,000	-25,500	32,000	32,000	32,000	32,000	32,000
Cumulative Profit		-69,000	-94,500	-62,500	-30,500	1,500	33,500	65,500

5.31 Nb: The model above excludes the effect of inflation. As time passes inflation is likely to increase the gross income receivable. However the loan amount remains fixed which results in increasing profits over time.

Business Case - SBDC

5.32 The table below details the impact on the Council's revenue budgets over the next few years.

		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
		£	£	£	£	£	£	£
Business Case - SBDC								
Interest payable	3%	-22,000	-33,000	-33,000	-33,000	-33,000	-33,000	-33,000
Interest receivable from company		44,000	60,500	55,000	55,000	55,000	55,000	55,000
Dividends received from company		0	0	0	0	1,500	32,000	32,000
		22,000	27,500	22,000	22,000	23,500	54,000	54,000
Return on investment		1.3%	1.4%	1.1%	1.1%	1.2%	2.7%	2.7%

Purchase of Services from the Council (Return earned as Supplier)

5.33 The Company may also wish to purchase services such as property development expertise, housing, legal, HR, Finance or IT support from the Council at a market rate. At this stage the assumption has been made that the Council will be able to support these services, however this will need to be considered on a case-by-case basis. The revenue modelling currently excludes any income with regards to these services.

Sensitivity Modelling

- 5.34 The impact of negative movement in a number of key assumptions has been modelled.
- 5.35 In summary, the sensitivity testing indicates that schemes would remain viable with positive, albeit reduced, profits available for distribution as dividends even if:
- Gross rental income was only 7%.
 - 10% of rental properties were standing empty throughout the period.
 - Property management costs were 30% of gross rental income.
 - The PWLB loan rate increased to 4% (with loan margins unchanged).

Specific Financial Modelling

- 5.36 Detailed financial appraisals will be carried out by the Company on a scheme-by-scheme basis to ensure each scheme is viable. Furthermore in order to maximise oversight these detailed financial appraisals will need to be agreed with the Council (as Shareholder / funder).
- 5.37 This will ensure that all schemes will always be subject to a detailed financial appraisal based on current market conditions, inflation rates and the like. Should at this point the return not be considered viable, or felt to be too low in relation to the risk involved, the Council will be under no obligation to proceed. In this way, the Council can make pragmatic decisions regarding the level of risk involved.
- 5.38 The Council has two exemplar sites and Savills have conducted a positive financial appraisal of these sites. Savills full report is exempt from consideration in public as it contains valuation details for sites in the Council's ownership, publication of which could fetter the achievement of best value.

6. Operation of the Property Development and Management Company

Company Organisational Structure

- 6.1 The Company will initially require a very light overall structure, to reflect the fact that it is a small start-up company with limited resources.
- 6.2 However in addition to the Company Directors, it will be necessary to employ someone with the appropriate property development skills and experience, even if only initially on a part time basis, to drive forward the Company's business plan. This role could potentially be designated as the Chief Operating Officer.
- 6.3 It is envisaged that the Company will initially employ any staff:
- From the Council through a Service Level Agreement (for which the Company would pay), or
 - Via a third party agency, or
 - Via consultancy arrangements.
- 6.4 However the Company will be free to appoint its own staff, once the Company is of sufficient size that it is more practical / tax efficient to employ staff directly. For instance the Company could employ a handyperson to deal with minor repairs once the property portfolio was of sufficient size to warrant this. The Shareholder Agreement will prevent the Company paying anyone more than the top of the SBDC Director pay scale, unless prior agreement is given by the Shareholder (SBDC).
- 6.5 The company will also be free to appoint its own suppliers / own support services. Although again it may be beneficial for these to initially be provided by SBDC through a Service Level Agreement. For instance maintenance responsibilities could be sub contracted to the Council's facilities management contractor.

Development of Property

- 6.6 The company will put forward plans / business cases to SBDC (as Shareholder/ funder / land owner) to develop / manage specific schemes / programs of work as and when necessary.
- 6.7 In order to prepare robust business cases and ensure efficient delivery of projects it is likely the Council / Company will need to carry out advance planning work, this could even include applying for planning permission before acquisition.
- 6.8 The Company will initially primarily develop a portfolio of both market and affordable homes for rent on Council owned land.
- 6.9 In order to gain access to the necessary skills and expertise, and minimise costs, the Company would employ, either directly or through an SLA with the Council, an

employer's agent to oversee the drawing up of construction specifications, the lettings of contracts and the management of development.

- 6.10 The Company would secure appropriate development expertise and would appropriately tender the construction and management of units.
- 6.11 The Company may choose to select technical consultants and construction contractors from established frameworks such as those held by the Homes and Communities Agency (HCA).
- 6.12 The Company would not be required to follow European Union procurement regulations, although it could choose to.

Management of Property

- 6.13 It is envisaged that both the market and affordable homes portfolios will initially be managed and maintained by third parties under contract, with the affordable homes in all probability managed by a housing association.
- 6.14 Any commercial property could be managed by the Council / Company.
- 6.15 Private rented dwellings, owned by the Company, will be let on Assured Shorthold Tenancies. The Company will be able to set its own letting policy to maximise return.
- 6.16 Affordable rented dwellings, owned by the Company, will be let at sub market rents with appropriate management and tenancy arrangements.
- 6.17 The Company will be required to have due regard to the Bucks Tenancy Strategy with regard to the affordable properties' rents, length of tenancies and means of allocation.

Sale of Property

- 6.18 It is not currently proposed to sell any of the developed properties, as the business plan envisages retaining the rental streams.
- 6.19 However in the future there may be circumstances where disposals are appropriate, and any disposals will either need to be included in the approved Business Plan or will need specific Shareholder approval.
- 6.20 At present properties delivered by Local Authority Housing Companies are excluded from right to buy. However the recent Housing White paper indicates that this position may change in the future.

Exit Strategy

- 6.21 It is important to ensure that from the outset the Council / Company has an exit strategy, even if it is not envisaged that this will be required.
- 6.22 Essentially there are two exit options:
- The Council (as Shareholder) could sell the Company to release its equity investment.
 - The Company could sell its property portfolio to be able to repay its loans and generate cash to redeem the equity investment.

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Appendix D**Shareholder Agreement - Matters Reserved for Shareholder Approval**

The Company shall not, except with the prior written consent of the Council:

- 1 Vary in any respect its articles of association or the rights attaching to any of its shares; or
- 2 Permit the registration (upon subscription or transfer) of any person as a member of the Company other than the Council; or
- 3 Increase the amount of its issued share capital except as provided in shareholder agreement, grant any option or other interest (in the form of convertible securities or in any other form) over or in its share capital, redeem or purchase any of its own shares or effect any other reorganisation of its share capital; or
- 4 Issue any loan capital or enter into any commitment with any person with respect to the issue of any loan capital; or
- 5 Make any borrowing other than from the Council or its bankers in the ordinary and usual course of business and it shall ensure that its banking facilities do not enable it to have more than £10 million in aggregate borrowed at any one time; or
- 6 Apply for the listing or trading of any shares or debt securities on any stock exchange or market; or
- 7 Pass any resolution for its winding up or present any petition for its administration (unless it has become insolvent); or
- 8 Engage in any business other than property development and management or defray any monies other than in good faith for the purposes of or in connection with the carrying on of such business; or
- 9 Form any subsidiary or acquire shares in any other company or participate in any partnership or joint venture (incorporated or not); or
- 10 Close down any business operation, sell, transfer, lease, licence or otherwise dispose of any of its material assets (otherwise than in the ordinary course of business), or dilute its interest in any of its subsidiaries for the time being; or
- 11 Amalgamate or merge with any other company or business undertaking; or
- 12 Alter its name or registered office; or

- 13 Enter into any transaction or arrangement of any nature whatsoever with any of the Company's members or directors or any person who is connected (within the meaning of sections 1122 and 1123 of the Corporation Tax Act 2010) to any of its members or directors whether or not any other person shall be party to such transaction or arrangement; or
- 14 Enter into any commitment by way of a transaction or series of related transactions (including without limitation any leasing transaction) which would involve the Company in the payment or receipt of consideration having an aggregate value in excess of £10 million; or
- 15 Enter into any arrangement, contract or transaction outside the normal course of its business or otherwise than on arm's length terms; or
- 16 Give notice of termination of any arrangements, contracts or transactions which are of a material nature in the context of its business, or materially vary any such arrangements, contracts or transactions; or
- 17 Without prejudice to any other provision of this clause:
 - (a) enter into, as lessor or as lessee, any operating lease (as defined in Statement of Standard Accounting Practice 21) for a duration exceeding five years or involving aggregate premium and annual rental payments in excess of £1 million; or
 - (b) grant any rights (by licence or otherwise) in or over any intellectual property owned or used by the Company; or
- 18 Create or permit to be created any mortgage, charge, encumbrance or other security interest whatsoever on any material asset or its business in whole or in part or any of its shares other than:
 - (a) liens arising in the ordinary course of business; or
 - (b) any charge arising by the operation or purported operation of title retention clauses and in the ordinary course of business; or
- 19 Adopt or amend its annual Business Plan, or enter into any contract or commitment not provided for in the Business Plan under which it may incur costs in excess of £1 million or which may not be fulfilled or completed within the period of two years; or
- 20 Change either:
 - (a) its auditors; or
 - (b) its financial year end; or

- 21 Make or permit to be made any material change in the accounting policies and principles adopted by the Company in the preparation of its audited accounts except as may be required to ensure compliance with relevant accounting standards under the Companies Act 2006 or any other generally accepted accounting principles in the United Kingdom; or
- 22 Declare or pay any dividend that exceeds in any year 75% of its post-tax distributable profits as shown by the audited accounts for that year, or make any other distribution (by way of capitalisation, repayment or in any other manner) out of its distributable profits or any of its reserves other than a dividend on the Council's shares; or
- 23 Make any loan (otherwise than by way of deposit with a bank or other institution the normal business of which includes the acceptance of deposits) or grant any credit (other than in the normal course of trading) or give any guarantee (other than in the normal course of trading) or indemnity; or
- 24 Give any guarantee, suretyship or indemnity to secure the liability of any person or assume the obligations of any person; or
- 25 Open or close any bank account;
- 26 Alter any mandate given to the Company's bankers relating to any matter concerning the operation of the Company's bank accounts other than by the substitution of any person nominated as a signatory by the party entitled to make such nomination; or
- 27 Change its bankers; or
- 28 Factor or assign any of the book debts of the Company; or
- 29 Adopt or amend any standard terms of business (including prices) on which the Company is prepared to provide goods or services to third parties; or
- 30 Establish or amend any profit-sharing, share option, bonus or other incentive scheme of any nature for directors, officers or employees; or
- 31 Establish or amend any pension scheme or grant any pension rights to any director, officer, employee, former director, officer or employee, or any member of any such person's family; or
- 32 Dismiss any company director, officer or employee in circumstances in which it incurs or agrees to bear redundancy or other costs in excess of the statutory redundancy amount (with no limit on the amount of a week's pay used in the calculation of the redundancy payment) in total; or

- 33 Agree to remunerate (by payment of fees, the provision of benefits-in-kind or otherwise) any direct officer of, or consultant to, the Company at a rate in excess of the top of the CDC / SBDC Director pay scale pro rata per annum or increase the remuneration of any such person to a rate in excess of the top of the CDC / SBDC Director pay scale pro rata per annum; or
- 34 Enter into or vary any contract of employment providing for the payment of remuneration (including pension and other benefits) in excess of a rate of the top of the CDC / SBDC Director pay scale pro rata per annum or increase the remuneration of any staff (including pension and other benefits) to a rate in excess of the top of the CDC / SBDC Director pay scale pro rata per annum; or
- 35 Institute, settle or compromise any material legal proceedings (other than debt recovery proceedings in the ordinary course of business) instituted or threatened against the Company or submit to arbitration or alternative dispute resolution any dispute involving the Company; or
- 36 Make any agreement with any revenue or tax authorities or make any claim, disclaimer, election or consent exceeding £250,000 for tax purposes in relation to the Company or its business.

Appendix E

Minimum Revenue Provision (MRP)

Regulations 27 and 28 of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 [SI 3146, as amended] require local authorities to set aside each year some of their revenue, as provision for the repayment of debt¹. This is known as the Minimum Revenue Provision (MRP).

The Secretary of State has issued statutory guidance on determining the 'prudent' level of MRP, to which authorities are required to have regard.

Under the guidance authorities are 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 4 options for making a 'prudent' provision as follows.

Option 1 – Regulatory Method

Where debt is supported by Revenue Support Grant (RSG), authorities can continue using a formulae set out in the un-amended Local Authorities (Capital Finance and Accounting) (England) Regulations 2003.

This option should only be used for capital expenditure incurred prior to 1st April 2008 and thus is not relevant for this authority.

Option 2 – CFR Method

This is based upon 4% of an authority's non housing CFR (capital financing requirement) at the end of the preceding financial year.

This option should only be used for capital expenditure incurred prior to 1st April 2008 and thus is not relevant for this authority.

Option 3a – Asset Life Method - Equal Instalments

Here equal annual instalments of MRP will be made over the estimated life of assets financed by borrowing.

This method allows an authority to defer MRP on a newly constructed building or infrastructure asset until the asset comes into service.

Option 3b – Asset Life Method - Annuity Method

Here annual instalments of MRP, calculated in accordance with an annuity payment profile, will be made over the estimated life of assets financed by borrowing.

This method allows an authority to defer MRP on a newly constructed building or infrastructure asset until the asset comes into service.

¹ More precisely, the provision is in respect of capital expenditure financed by borrowing or credit arrangements.

Option 4 – Depreciation Method

This approach requires 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.

However the guidance only makes recommendations to authorities on the interpretation of a 'prudent' provision. The actual duty is for each authority each year to make an amount of MRP **which it considers** to be 'prudent'. Therefore there is a 5th option which is any other method that the Council considers prudent.

For instance where an Authority incurs borrowing in order to fund a loan to another party (say a Property Company), and it expects the other party to repay the borrowing in full, then it would be reasonable not to set aside any of the Council's revenue, as provision for the repayment of this debt (as in due course the debt would be fully covered by the repayment from the other party).

This decision would be further supported if the loan was secured on an asset, which essentially would ensure that even if the other party could not repay, the Authority could still recover the loan amount by acquiring the underlying security.

However to ensure that this approach is prudent, the Authority would need to review this decision each year to ensure that it continues to be the case that full repayment was likely, and if not then the Authority would need to consider setting aside some revenue for the possible non repayment.

It is also reasonable to use different MRP calculations for different types of borrowing, to reflect the different characteristics.

It is therefore recommended that:

The equal annual instalments Asset Life Method (option 3a), is adopted as the Council's policy on making MRP for 2017/18.

Exceptions will be made when borrowing is incurred for the specific purpose of on lending to a wholly owned or controlled Council Company, and the lending is secured on an asset(s) of equal or greater value. In which case no MRP would be made, unless it was determined that there was a risk of non repayment. In these situations the risk of non repayment will be reviewed annually, including a valuation of the asset(s) on which the loan is secured and formally reported at part of the Authority's compliance with the Prudential Code.

SUBJECT:	<i>Treasury Management – Annual Performance Report 2016/17</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 seek the PAG's comments on the report on the Treasury Management performance of the Council for 2016/17 as required under the Code of Practice for Treasury Management prior to its submission to Cabinet.

RECOMMENDATION

Members are requested to note the Treasury Management performance for 2016/17 as required by the Code of Practice 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 2016/17

- 3.1 As a debt free authority the treasury management activities of the Council in 2016/17 are exclusively concerned with the investment of its reserves, as the Council has not undertaken any borrowing in 2016/17.
- 3.2 The base rate was decreased from 0.5% to 0.25% in August 2016, with the rate having remained at 0.5% since March 2009.
- 3.3 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 2016/17 as in the table below.

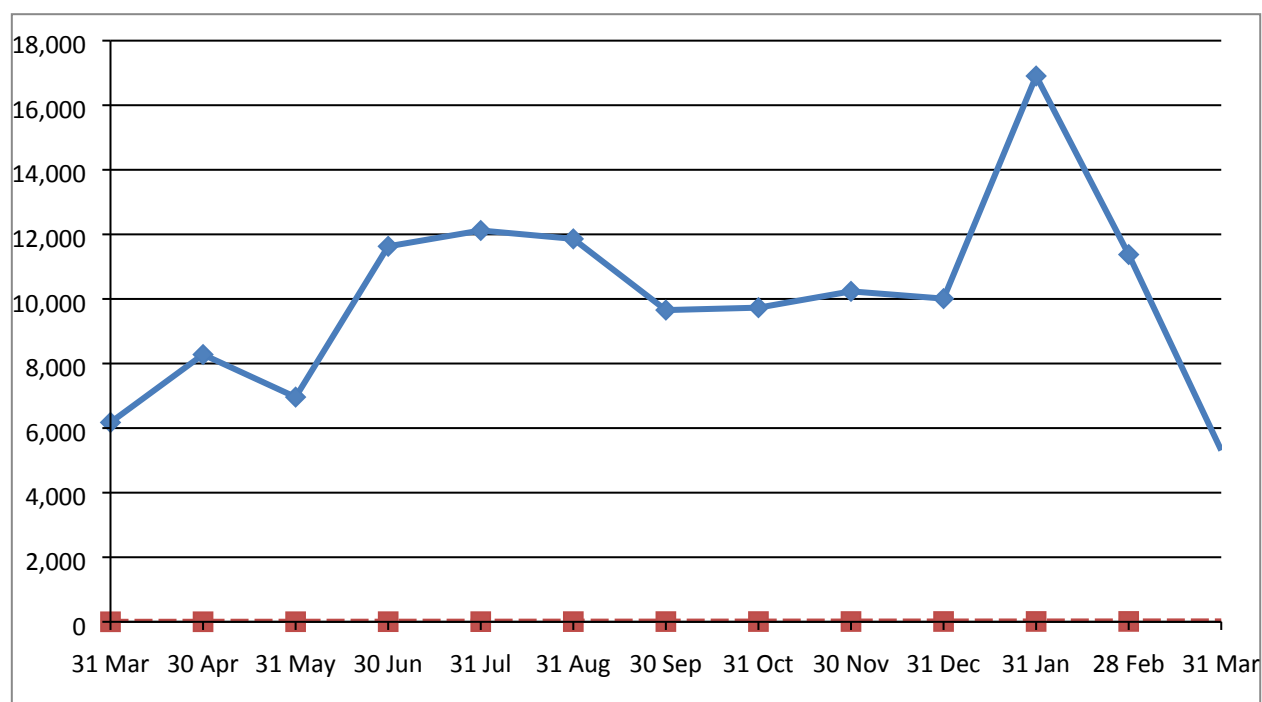
	Duration	Maximum Amount	Fitch Rating	Comment
Money Market Funds	Up to 3 years	£5m	AAA	
UK Institutions	Up to 5 years	£5m	A- or better	
	Up to 3 years	£5m	BBB+ or better	
Non UK Institution	Up to 3 years	£2m	A- or better	Sovereignty rating AA or better
Corporate Bonds/Bond Funds	Up to 5 years	£5m	A- or better	
Other Approved Investments (eg Property Funds)	-	£5m	-	-

- 3.4 A summary of the movements in the year is as follows:

	Fund Balance 1.4.2016 £000	Fund Withdrawals £000	Added to Fund £000	Fund Balance 31.3.2017 £000
Instant access deposits	3,175	2,865	0	310
Money Market Funds	3,000	7,000	9,000	5,000
Fixed Deposits	13,000	12,000	10,000	11,000
Corporate Bonds	1,008	* 279	0	729
Total	20,183	22,144	19,000	17,039

* Investments maturing in year, sale of investment and change in market value

- 3.5 The following graph shows how the level of cash and instant access investments has fluctuated over the year. The Council has used some cash reserves to finance capital expenditure during 2016/17, therefore the overall level of cash has decreased.



- 3.6 The summary of the Council's Fixed Deposits as at 31 March 2017 is detailed below:

UK Institutions	Fitch Credit Rating	Principal £	Interest Rate	Invested	Matures
Lloyds Banking Group	A+				
Fixed Deposit		1,000,000	1.05%	12/05/16	12/05/17
Fixed Deposit		1,000,000	1.05%	19/05/16	19/05/17
Fixed Deposit		1,000,000	1.05%	02/06/16	02/06/17
Fixed Deposit		1,000,000	1.05%	02/08/16	02/08/17
Royal Bank of Scotland	BBB+				
Fixed Deposit		2,000,000	3 mth LIBOR	09/02/15	09/02/18
Fixed Deposit		3,000,000	3 mth LIBOR	09/02/15	09/02/20
Santander	A				
Fixed Deposit		1,000,000	0.75%	11/11/16	13/11/17
Close Brothers	A				
Fixed Deposit		1,000,000	1.40%	13/10/15	13/04/17
Total Deposits		11,000,000			

- 3.7 In addition, funds are held on a short term basis for day to day cashflow purposes with our bankers, Barclays. At the end of March £310k was held in an instant access account.

3.8 The following corporate bonds were held at the end of the March 2017:

Bond held	Valuation £	Coupon Interest Rate	Effective Interest Rate	Maturity date
UK Treasury (a)	46,575	8.75%	4.59%	25/08/17
UK Treasury (b)	57,960	8.75%	4.54%	25/08/17
Asif II (a)	100,689	6.38%	5.49%	05/10/20
Asif II (b)	33,168	6.38%	5.33%	05/10/20
Asif II (c)	53,306	6.38%	6.41%	05/10/20
UK Treasury	185,023	8.00%	4.77%	07/06/21
Atlantia SPA (a)	69,917	6.25%	5.65%	09/06/22
Atlantia SPA (b)	110,394	6.25%	5.55%	09/06/22
UK Treasury	71,565	6.00%	4.76%	07/12/28
Total	728,597			

3.9 The weighted average interest rate earned on fixed rate investments in the quarter was 0.7%.

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

4 Corporate Implications

4.1 A comparison between the actual and budgeted interest returns for 2016/17 is shown in the table below:

	Budget 2016/17 £000	Actual 2016/17 £000
Fixed Deposits		134
Short Term Investments		19
Money Market Funds		21
Farnham Trust Clubhouse Loan		42
Other Miscellaneous Interest ⁽¹⁾		4
Less Other Interest ⁽²⁾		-1
Corporate Bonds ⁽³⁾		115
Total Interest	430	334

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

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

Note 3: includes accrued interest on sale of bonds during 2016/17.

- 4.2 There was an underachievement of £96k from the budget during 2016/17. The loss on interest is a result of the current very low interest rate environment. The budget assumed that new medium term investments would achieve an average interest rate of 1.5% and longer term investments would achieve an average interest rate of 3.5%, which has not proved to be achievable.
- 4.3 The target figure for investment income for 2017/18 has been set at £200,000.

Background Papers:	None
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