



Resources Policy Advisory Group (SBDC)

Thursday, 22 March 2018 at 6.00 pm

Room 6, Capswood, Oxford Road, Denham

A G E N D A

Item

1. Evacuation Procedure
2. Apologies for Absence
3. Minutes (*Pages 3 - 10*)

To approve the minutes of the meetings held on 7 December 2017 and 29 January 2018.

4. Declarations of Interest

C. REPORTS FOR INFORMATION / DISCUSSION

5. Redevelopment of Former Gerrards Cross Police Station Site (*Pages 11 - 20*)

Appendix A - Site Plan (Pages 21 - 22)

Appendix B - Proposals Submitted for Planning (Pages 23 - 30)

Appendix D - Pick Everard Letter (Pages 31 - 32)

Appendix E - NPV Calculations (Pages 33 - 34)

6. Cost of Homelessness (*Pages 35 - 40*)

7. Treasury Management - Quarterly Report Q3 2017/18 (*Pages 41 - 44*)
8. Exempt Information

To resolve that under Section 100(A)(4) of the Local Government Act 1972 following item of business is not for publication to the press or public on the grounds that it involves the likely disclosure of exempt information as defined in Part 1 of Schedule 12A to the Act.

Appendix C - Summary Project Cost Estimates (Pages 45 - 46)

Note: All reports will be updated orally at the meeting if appropriate and may be supplemented by additional reports at the Chairman's discretion.

Membership: Resources Policy Advisory Group (SBDC)

Councillors: B Gibbs (Chairman)
R Bagge
S Chhokar
D Dhillon
P Hogan
J Jordan

Date of next meeting – Wednesday, 13 June 2018

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RESOURCES POLICY ADVISORY GROUP (SBDC)

Meeting - 7 December 2017

Present: B Gibbs (Chairman)
P Hogan and R Bagge

Apologies for absence: S Chhokar, D Dhillon and J Jordan

20. APOLOGIES FOR ABSENCE

21. MINUTES

The minutes of the meeting of the Policy Advisory Group (PAG) held on 26 September 2017 were received.

22. DECLARATIONS OF INTEREST

There were no declarations of interest.

23. PORTFOLIO BUDGET 2018/19

The report set out the context for the budget and highlighted the priority aims and objectives for the forthcoming year. There were some significant projects planned including customer experience strategy, the property company and the challenge of providing temporary accommodation. The revision to the cost share arrangement was noted, based on the population of both districts, was now CDC 58%/SBDC 42% to be used for all joint services. This resulted in some savings although overall the change was negligible. This change was made to simplify the administrative process.

The cost increase assumptions in the budget were set out in section 3 and included a 1% increase in salaries, although from April 2018 any cost of living award would be locally determined by the Joint Staff Committee on 18 January 2018.

For this portfolio, the main financial risks for next years are voids or reduction in property lease income. A review and proposed actions to mitigate the risks would be part of the final report to the Cabinet on the budget in February.

It was agreed that the budget had been properly constructed and reflected the Council's overall situations and that the reductions were welcome.

Having considered the advice of the PAG, the Portfolio Holder **AGREED to RECOMMEND** to Cabinet:

That the following items be approved:

1. the 2018/19 revenue budget
2. the 2018/19 fees and charges.

24. LITTLEWORTH COMMON OWNERSHIP UPDATE

The Members were asked to note the proposed transfer of the Littleworth Common site to SBDC following approval by the Environment PAG. It was advised that the advantages of the transfer were:

- The possibility of more sponsorship
- More income from the pub car park
- Easier to manage and maintain

There were no additional responsibilities that would result from the transfer.

It was asked what the asset value of the land was but since it was a Site of Special Scientific Interest (SSSI), the land could not be built upon and the legal responsibilities would remain. It was agreed that the transfer to SBDC would help safeguard the area and resolve issues with the land.

Having considered the advice of the PAG, the Portfolio Holder **RESOLVED** to **RECOMMEND** to Cabinet that the Council takes a transfer of the freehold ownership of Littleworth Common shown edged black on the plan attached to the report and delegates final agreement of the transfer terms to the Head of Environment in consultation with the Head of Legal and Democratic Services.

25. TREASURY MANAGEMENT - QUARTERLY REPORT QUARTER 2 2017/18

The investments to the end of September 2017 still reflect the fact that interest rates are at historic low levels. The investments were held on a short-term basis due to the need over the next few years to fund capital projects. Overall the income from the investments was likely to be £50,000 under budget due to the lower interest rates. This has been reported through regular overall budget monitoring. The shortfall is likely to be offset by savings and income from elsewhere. The Treasury Management Strategy for 2018/19 in February 2018 was expected to further reduce down estimates from investments due to the use of the cash to fund projects. The Council has become less reliant on this income following the period of unprecedented low interest rates and has adjusted its financial strategy to reflect this.

RESOLVED that the Treasury Management performance for Quarter 2 2017/18 be noted.

26. AOB

None

27. EXEMPT INFORMATION (IF REQUIRED)

"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))

28. HOMELESSNESS DEBTS

The Overview and Scrutiny Homelessness Management Task and Finish Group made the recommendation that Members of the Council be made aware of the current debt position and consider the write off of historic debts with a zero or very low probability of recovery incurred before the current process. The table 4.1 details the current debt position. The demand for Bed and Breakfast temporary accommodation by the homeless had increased considerably over recent years. It was a breach of the rules to keep families in such accommodation for over 6 weeks and so the Council were investigating various options and solutions.

The Council had previously tried to recover the full costs of housing homeless families but had now capped the charge at £25 per night, in order to ensure the charge was 'reasonable'.

Members noted that the Director of Resources had delegated authority to write-off debts up to £10,000 but larger amounts would come to the Committee. It was considered helpful to have further information on all write offs brought to the PAG so that Members would be aware of the level of debt across the various areas and any write off.

Members felt it would be important that the Portfolio Holder for Healthy Communities seek clarification on the following points as part of overseeing the changes in the way that temporary accommodation is managed:

1. Were families or others who arrive at 5.00 pm to claim homelessness subject to the same rigorous procedures as those who apply earlier in the day?
2. Were checks made to ensure that those housed had turned up at the venue before the bill was paid?

RESOLVED that the report be noted.

The meeting terminated at 6.33 pm

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**A JOINT MEETING OF THE RESOURCES &
HEALTHY COMMUNITIES POLICY ADVISORY GROUPS (SBDC)**

Meeting - 29 January 2018

Present: B Gibbs (Chairman)
D Anthony, R Bagge, P Bastiman, S Chhokar, P Kelly,
D Pepler, J Jordan and W Matthews

Apologies for absence: P Hogan and M Bezzant

29. DECLARATIONS OF INTEREST

There were no declarations of interest.

30. REDEVELOPMENT OF FORMER GERRARDS CROSS POLICE STATION SITE

Members received a report setting out the draft business case for the proposed redevelopment of the former Police Station site in Gerrards Cross to deliver 34 rented apartments. The current expenditure to progress the project to date was £352,000. The site was purchased for £4M. An estimated £8,529,286 of additional investment was required to progress the project based on the recommended brick and block cavity construction. It was proposed that the project be financed using a fixed rate loan from the Public Works Load Board. The annual net rental income was estimated to be £297,125.

Members reviewed the business case in detail, and noted that the final business case would be subject to Cabinet approval. During the ensuing discussion the following key points were made:

A budgetary provision of £5.3M had already been included in the Capital Programme, and Members raised concerns regarding the increase in the investment required to progress the project. It was noted that the existing budget provision was based on a desktop study by the consultant preparing the Council's asset management plans. The initial works costs estimate from the Scape framework contractor Willmott Dixon indicated that the recommended construction method would cost £7,149,000 to build. Members felt that the construction cost was very high for a residential development. It was noted that initial comparisons with other similar developments suggested the quoted build cost reflected a realistic estimate.

There was concern that the increased build cost meant that the purchase price of the land represented less value for money, and that there could be further increases in build cost.

Members recognised that the project would help deliver additional housing which was supported, however it was not felt that this should be delivered at any cost particularly when the level of rental income was considered alongside the large capital cost to the Council to progress the project.

Alternative procurement options were discussed. These included a two stage tendering process using Southern Contractors framework, or a single stage design and build OJEU tendering process. Pursuing alternative methods could add up to 7 months to the delivery timescales and would not guarantee a reduction in construction costs.

In response to questions regarding the financial position of the Council's contractors it was noted that due diligence on all contractors had been requested and the Council pays after work had been done and not upfront.

The scheme proposed at the site had already been submitted for planning approval which meant that suggestions to amend the scheme would incur additional costs, such as increased borrowing costs and delays

Councillor Gibbs summarised the discussion by highlighting that Members were unhappy with the difference in the build cost, and wanted to know why there was such a large increase in costs. The overall cost per square metre should be reviewed. Members on balance felt that the scheme was worth pursuing, and recognised that planning approval had already been sought.

RESOLVED that the current position and the draft business case be noted.

31. **GERRARDS CROSS STATION ROAD CAR PARK**

During 2017 the Council submitted a planning application for the redevelopment of Gerrards Cross station road car park to increase car parking capacity to 450 spaces (an additional 328 spaces). The proposal consisted of a ground floor and 5.5 decks. The planning application was subsequently withdrawn to allow the Council to review the proposals in light of concerns regarding the aesthetics of the proposal.

Member's views were sought on how to proceed regarding future options for increasing car parking capacity in Gerrards Cross. Two parking studies had revealed that a minimum of 110 extra spaces, and up to 328 extra spaces, would be required by 2050. One option was to bring forward a smaller proposal for extending the station car park that was 1 to 1.5 floors lower than the previous scheme. This option could provide 220 extra spaces and would cost around £10.5M to develop. The

estimated annual return would be £500,000. This compared with the original scheme that would cost £11M, and would provide an annual return of £600,000.

It was felt that any new proposals needed to be respectful to the aesthetics of the area. The importance of ensuring that any proposals put forward should be financially viable and be supported by a robust business case was also highlighted.

RESOLVED that the verbal report be noted.

32. **CAPSWOOD 1 LETTINGS**

Members received an update on the lease of the Capswood 1 building. The first floor would be leased from 1 February 2018 and would provide savings to the Council of around £55,000 per annum.

Prior to Christmas 2017 the Council was also close to finding a tenant for the lease on the ground floor of Capswood 1, but unfortunately this interest did not materialise. This was currently being marketed by two property agents and Members would be kept updated on progress.

RESOLVED that the verbal report be noted.

The meeting terminated at 7.27 pm

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SUBJECT:	Redevelopment of former Gerrards Cross Police Station site
REPORT OF:	Resources Portfolio Holder - Cllr Barbara Gibbs Health Communities Portfolio Holder – Cllr Paul Kelly
RESPONSIBLE OFFICER	Chris Marchant – Head of Environment
REPORT AUTHOR	Anwar Zaman, 01494 732753, azaman@chiltern.gov.uk
WARD/S AFFECTED	Denham Parish Council and Gerrards Cross Town Council

1. Purpose of Report

1.1 This report:

- Provides an update on key matters of concern regards construction cost reported to the SBDC joint Resources and Heathy Communities PAG 29 January 2018 and Cabinet 07 February 2018.
- Provides a revised cost estimate from framework contractor in **Appendix C** (as attached).
- Presents the draft business case, based on the latest revised estimate cost, ahead of the final business case to be approved by Cabinet once 100% cost certainty is obtained.

Members of the Resources PAG are asked to advise the Portfolio Holder on the below recommendation to Cabinet.

RECOMMENDATION

1. **To note the current position and the draft business case following the revised cost estimate received from the framework contractor.**
2. **To proceed with obtaining 100% cost certainty at cost of £100k which is within the allocated £800k agreed by Cabinet on 08 February 2017 with a further report to be presented on the detailed business plan before moving to the development phase subject to planning consent being achieved.**

2. Executive Summary

2.1 Members at the SBDC Joint Resources and Heathy Communities PAG 29 January 2018 and Cabinet 07 February 2018 considered that the overall cost per square metre should be reviewed given that the initial build cost estimates at £7.90m from the framework Contractor (with resulting project cost £8.53m inclusive of cost for planning design stage, Project Management services and internal costs) was high. Members on balance felt that the scheme was worth pursuing.

2.2 The Gerrards Cross Police Station site was acquired by SBDC on 31 March 2017 for redevelopment to deliver rented housing.

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- 2.3 The Council has procured the services of Pick Everard, through the use of the Scape framework, to act as the client Project Manager, Quantity surveyor and Designer to manage the design development.
- 2.4 A design has been developed and submitted for planning approval on 22 December 2017 with determination by Planning Committee expected on the 28 March 2018.
- 2.5 The plans provide for 34 apartments which will provide for 20 private rent apartments and 14 apartments affordable rent apartments - to meet the 40% affordable housing requirement.
- 2.6 The expenditure to further develop the detail design, fixed cost and a business case is within the allocated £800k agreed by Cabinet on 08 February 2017. The current expenditure on developing the project to planning submission stage is £352k.
- 2.7 To enable this project to proceed, the Council will need to invest an estimated £7.83m for traditional brick and block cavity form of construction and any associated fees if planning is granted.
- 2.8 The proposal is for the project cost to be financed by way of a loan from the Public Works Loan Board (PWLb).
- 2.9 The estimated annual net rental is £271,592, based on property consultant's figures.
- 2.10 The draft business case indicates that the rental return on this development will be sufficient to repay the capital expenditure over the lifetime of the asset.

3. Reasons for Recommendations

- 3.1 Due to the Council's projected financial position over the next few years, it is clear that the Council needs to maximise income generating opportunities in order to counter reductions in Government grant. This development opportunity can deliver a financial return whilst also meeting housing need.
- 3.2 As well as the financial return, one of the key drivers for the Council on this project is the provision of 40% affordable housing on site which has been consistently challenged by developers with limited affordable housing built on site for the past 10 years through the planning process.

4. Background

- 4.1 Cabinet on 08 February 2017 considered and agreed to:
- Make budgetary provision of £4,222,500 from the Capital Receipts Reserve to enable the continued purchase of the site and meet the associated expenditure required by the Council to meet its obligations in acquiring the site.

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- Add £5.3m budgetary provision to the Capital Programme, which will result in additional borrowing to enable the site to be redeveloped for housing and to authorise the Head of Environment to draw down expenditure up to £800k from the Capital Programme to initiate the scope of works required to bring the site to development.
 - The Head of Environment be authorised to undertake the procurement process for the demolition of the current police station and ex-police houses on a phased basis, following the receipt of planning permission.
 - A project manager and developer be appointed through the Scape framework agreement, to obtain detailed design and planning approval for housing on the Gerrards Cross Police station site and to provide the detailed business plan at an estimated cost of £800k. A further report to be presented on the detailed business plan before moving to the development phase.
- 4.2 The site was acquired by SBDC from Thames Valley Police on the 31 March 2017 for £4m.
- 4.3 The site is shown edged in red on the plan at **Appendix A** which extends 0.784 Hectares (7,835m²) and comprises the now disused Gerrards Cross Police Station, with eight number residential properties. The site is located adjacent to Oxford Road in Tatling end in Denham.
- 4.4 A project board was established to develop the redevelopment proposals with portfolio holder representation on the board.
- 4.5 The proposed development comprises 34 residential dwellings which are to be delivered in four separate buildings - A three-storey building which seeks to replace the former Police Station, and three two-storey pitched roofed properties to be developed across the remainder of the site.
- 4.6 Consideration was given to the nature of the site and the location of the site within the existing Green Belt and as a result the proposals seek to deliver a development which retains the open space areas on site and low maintenance landscaping to enhance the built environment.
- 4.7 A total of 62 vehicle parking spaces are to be provided as part of the proposed development with 40 cycle parking spaces in addition to the existing 22 spaces.
- 4.8 The proposals developed and submitted for planning on 22 December 2017 are shown in **Appendix B**.
- 4.9 The Scape framework engaged to procure the consultancy and contracting services for developing the project is available to any public body nationally. To ensure that best value is provided to the Client in terms of financial viability, the Scape framework operates a transparent open-book process where copies of tender enquiries and subcontractor quotations are made available to the Client. Using the framework allows access to competitive market tested rates in the built environment and is an alternative to procurement through the OJEU tendering process.

Savills Build Cost Estimate

- 4.10 Savills initially estimated the build cost to be £5.3m. This was produced in the summer of 2016. We are now looking at a build in late 2018. There has therefore been build cost inflation in the meantime.
- 4.11 The Savills report was based on a desktop study without the benefit of the surveys, site investigations and pre planning advise that have now been obtained.
- 4.12 However the current costs are as reported and are felt to be more robust and in line with current market cost expectations.

5. Discussion**Current Cost Estimates**

- 5.1 Following Cabinet 07 February 2018 the framework Contractor was asked to review their initial total cost feasibility estimate and their revised target cost estimate represents a 11.39% reduction (-£899,616).
- 5.2 A summary of the framework Contractors project cost estimates including initial and revised target cost estimate for brick and block form of construction is shown in **Appendix C**.
- 5.3 Revised project cost estimates for traditional brick and block construction is £7,829,668.
- 5.4 The revised target cost is based on the assumption that there will be savings through design efficiencies including;
- Rationalisation of below ground drainage design.
 - Re-use of existing asphalt crossover to highway.
 - Proprietary lightweight bin and cycle stores in lieu of single storey brick buildings.
 - Rationalisation of roads, footways, parking, and private patio areas.
 - Reduction of proposed planting to northern perimeters of site.
 - Remove sheds to blocks C and D.
 - Omit rear balconies on Block B, C and D. Provide Juliet balconies in lieu.
- 5.5 The estimate costs does not include for project risks such as contamination, archaeology, ordinance, judicial review cost, planning condition discharge or conditions on unreasonable working hours, dealing with any invasive or protected species.
- 5.6 The contamination costs are not included for in the estimate cost as the Council can reclaim up to £200,000 for any contamination costs incurred as part of a condition of sale on purchasing the Police site. These costs need to be claimed within 2 years.
- 5.7 The Council's bid for up to £400k of central Government funding from the Land Release fund through the One Public Estate to assist with decontamination cost has been unsuccessful sitting reasons of oversubscription from projects nationally.

- 5.8 The Estimates for typical budget construction cost (£/ m²) of residential developments in the local area have been obtained from local builders and developers for comparisons as table below.

Organisation	Cost (£/ m ²)	Comments
Jarvis Contracting Ltd	£2,000 to £2,500	Includes overheads and profit. Excluding demolition, fees and Abnormal
Local agent	£1,800 to £2,100	Includes overheads and profit. Excluding fees and demolition
Haverstock	£2,000 to £2,500	Includes overheads and profit. Excluding fees and demolition
TPA Architects	£1,800 to £2,200	Includes overheads and profit. Excluding fees and demolition
R.Benson Contracting (small local contractor)	£2,000 to £2,250	Includes overheads and profit. Excluding fees and demolition
Lifebuild (medium size contractor)	£2,400 to £2,600	Includes overheads and profit. Excluding fees and demolition

Allow 6 to10 % for Fees

- 5.9 The revised build cost estimate of £2,340 m² from the framework Contractor on comparable basis seems to be within the range of local market testing above.
- 5.10 Further the consultant Pick Everard recommends that the revised Willmott Dixon proposal reflects current market rates/value for a project of this nature and size. A copy of Pick Everard letter is attached as **Appendix D**.

Procurement Options

- 5.11 There are two feasible options to obtain 100% cost certainty
- i) **Surety Route through the frame work** at cost of £100k – Where the framework Contractor provides a fixed price following limited and focused design. This process will take 12 weeks to arrive at a fixed price, with a gateway agreed halfway so that an agreed Target cost at the outset is not exceeded.
 - ii) **Alternative procurement through OJEU** to develop detail design and construction through open tendering at cost of £300,000.
- 5.12 Pursuing alternative methods of procurement through OJEU would add approximately 6-7 months to the overall delivery of the scheme and there is no guarantee that using the alternative procurement methods would achieve a reduction in construction costs.

- 5.13 The Corporate Property Board on 09 March 2018 gave direction to proceed with the surety route to obtain 100% cost certainty at cost of £100k which is within the allocated £800k agreed by Cabinet on 08 February 2017.

Delays

- 5.14 A delay in this project would:
- Delay these properties coming on stream. We estimate this scheme would deliver £300k rental income a year. A 7 month delay equates to £175,000.
 - Potentially increase the build cost, due to building inflation
 - Potentially increase the cost of PWLB borrowing. A 0.1% increase in the interest rate increases the total interest payable on the loan by £216,000.

6. Business Case

- 6.1 Investing in the construction of 34 new apartments, based on the framework Contractor current estimate for traditional brick and block construction, will generate a financial return from the resulting rental income.
- 6.2 The estimated cash flows from this development have been modelled and are shown in **Appendix E**.
- 6.3 The reduction in the estimated build cost improves the business case as follows.

Build Cost	£7,829,668
Loan Interest Rate	2.77%
Annual Rent (Note 1)	£271,592
Internal Rate of Return (IRR) (Should be above loan interest rate)	3.67%
Net Present Value over 40 years (Negative is good)	£2,465,125
Total Profit over 40 years (Negative is good)	-£3,794,079

See **Appendix E** for full details.

Note 1: The income estimate has been adjusted since the previous version of the business case, to reflect that current indications are that the management fee for managing affordable housing is likely to be in the region of 30% rather than 10% as previously estimated.

- 6.4 This shows that the estimated annual net rental income of c£271,500 will be more than sufficient to cover the loan interest and any repairs & maintenance costs. Furthermore the

profit on rental income from the development will be sufficient to repay the build cost over the lifetime of the asset.

6.5 The model has been drawn up using the best figures currently available and are based on various assumptions. For instance:

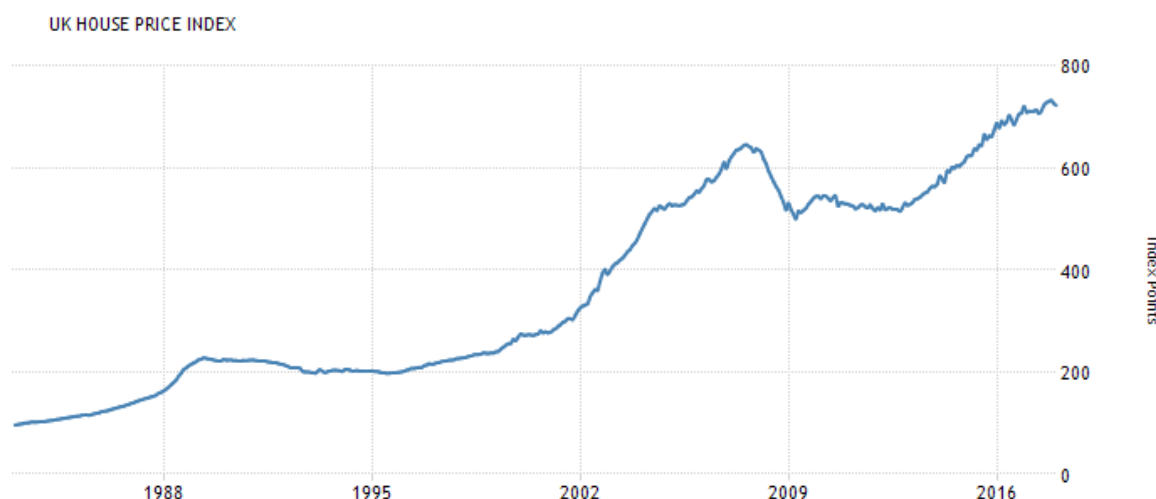
- Inflation is assumed to be 3% per annum and this is also the discount rate used.
- The rental charges are increased in line with inflation i.e. 3% per annum.

3% is in line with the Government’s RPI figures published in the Autumn Statement.

The initial monthly rental is in line with commercial agent rentals figures for the local area.

6.6 The proposal is for the project cost to be financed by way of a loan from the Public Works Loan Board (PWLB). The current rate of interest on a 40 year annuity loan is 2.77%.

6.7 In addition, as it is proposed that the freehold of this site will be kept, there is the potential for SBDC to benefit from capital growth. The following chart shows the growth in UK house prices over recent years.



7. Programme

7.1 The following table outlines the current timetable based on appointing framework for a Brick and Block construction.

Task	Date	Comment
Resources PAG	22-03-18	Advise Portfolio Holder on procurement route
Cabinet	17-04-18	To note progress
Planning Approval & Judicial Review	25-05-18	
Final Contractor tender cost	08-06-18	
Special PAG	20-06-18	To advise Cabinet on final business case
Cabinet final approval	27-06-18	Report to follow special PAG & final decision to proceed with development

Technical design complete	10-10-18	
Construction starts	12-10-18	
Completion	01-10-19	

8. Consultation

- 8.1 A project communication plan has been established which sets out engagement with stakeholders and members of the public.
- 8.2 Before the planning application, a public consultation was carried out where display boards were set up in the reception area at the South Bucks District Council offices (Capswood) from 1 December to 15 December 2017.
- 8.3 The local residents, Denham Parish Council in Gerrards Cross Town Council were contacted and an area on our website was setup where details of the proposals could be found and comments left.
- 8.4 There were no objections received during the consultation.

9. Corporate Implications

- 9.1 Financial – See above and Business case.
- 9.2 The Council's current Medium Term Financial Plan assumes net additional income from the Police Site as follows.

2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000
(129)	(276)	(285)	(285)	(285)

The latest income estimates in paragraph 6.3 above are therefore slightly below, but not materially different to these.

- 9.3 The Council's current Medium Term Financial Plan assumes a total build cost of £8.620m, which is slightly above the current total build cost in paragraph 6.3.
- 9.4 Overall the current estimates are therefore roughly in line with the assumptions in the Medium Term Financial Plan. When the Plan is next update the assumptions will be updated accordingly.
- 9.5 The remaining risks to this project include:
- Planning and any conditions that could be imposed that may have cost implications. Allow 6 weeks after consent issues for any JR period before contracts signed for construction.
 - Condition being imposed by highways necessitating the need for an agreement to extinguish highway rights which may delay the commencement of the project.

- Relocating the current tenants in the existing 8 police houses in time for the enabling works to start. These houses are currently occupied by the housing association tenants on a short term lease basis.
- Procurement route selected will impact on the Programme.
- The project cost is currently based on estimates and 100% cost certainty needs to be developed through tendering and final business case approved by Cabinet.
- Future rental income is estimated in the business case.

10. Links to Council Policy Objectives

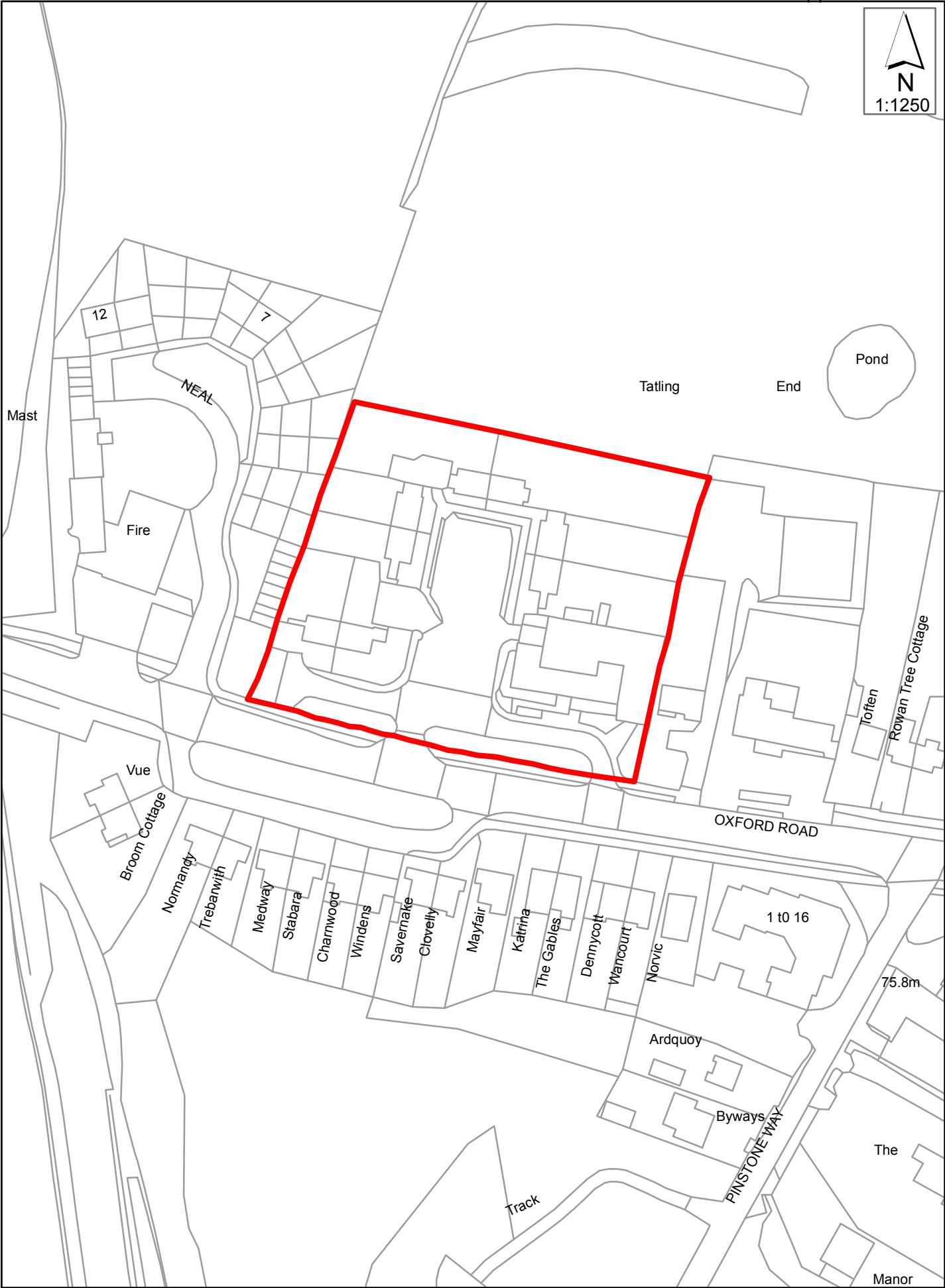
- 10.1 This matter is related to the Council's corporate aims to deliver cost effective, customer focused services, and to promote local communities.
- 10.2 This report also progresses the aims of the Council's asset management plan.
- 10.3 This scheme will help towards meeting the affordable housing need in our district and provides an income for the Council.

11. Next Step

- 11.1 The planning application will be considered by the Planning Committee.
- 11.2 The framework Contractor will continue to develop detailed design proposals and will provide 100% cost certainty through the Surety route.
- 11.3 The final cost and associated business case will be presented to Cabinet for final approval.

Background Papers:	Cabinet Report 08 February 2017 Cabinet Report 07 February 2018
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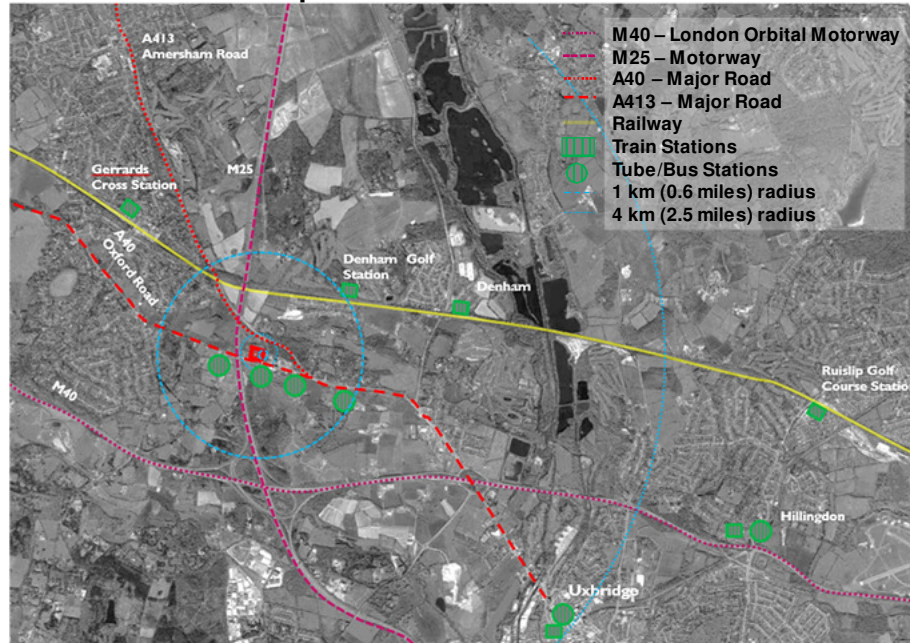


**Gerrards Cross police Station Houses, Oxford Road, Denham
APPENDIX A - SITE PLAN**

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Appendix B – Proposals Submitted for Planning - Redevelopment of Former Gerrards Cross Police Station Site

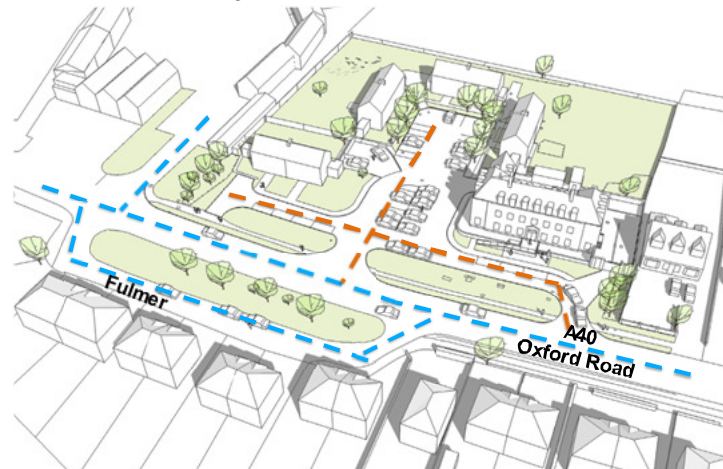
Location and Masterplan



View 1 – Accessibility Network



View 2 – Proposed Aerial View



View 3 – Existing Site



View 4 – Proposed Site Plan

Appendix B – Proposals Submitted for Planning - Redevelopment of Former Gerrards Cross Police Station Site

Elevations

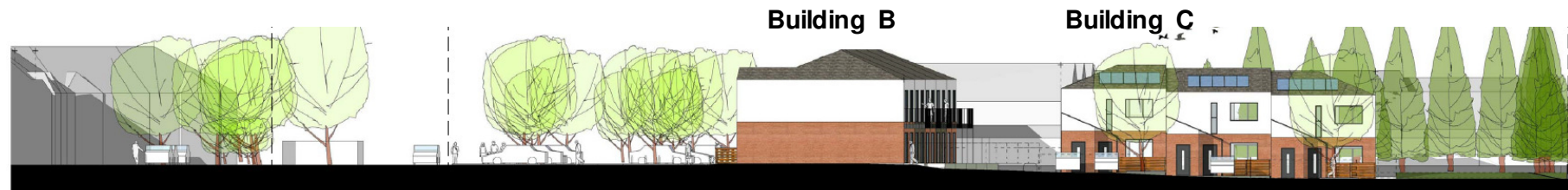
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View 1 – Proposed North Elevation



View 2 – Proposed South Elevation



View 3 – Proposed East Elevation



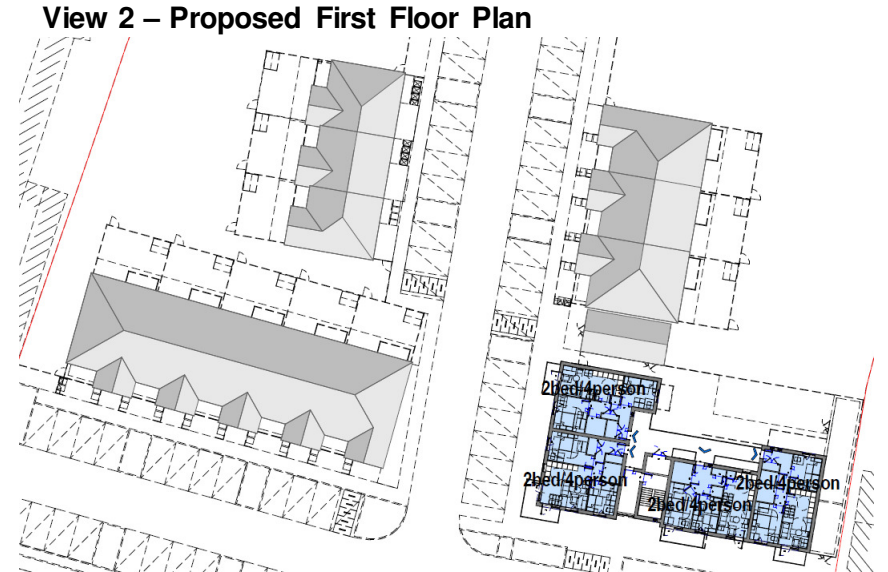
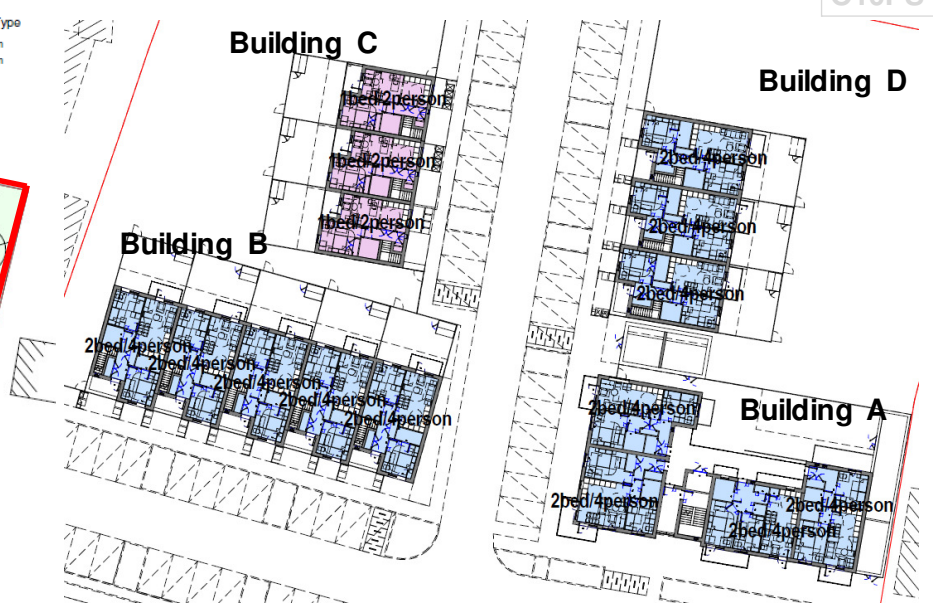
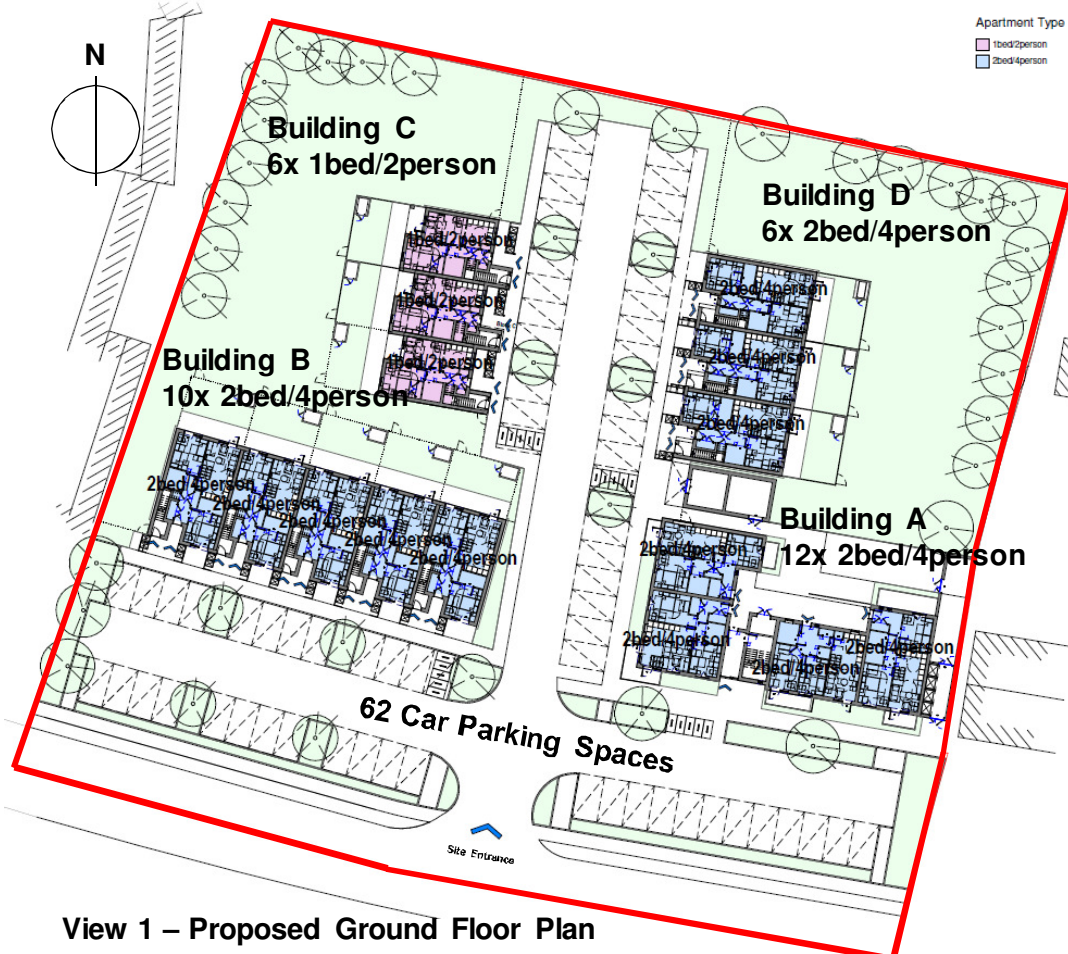
View 4 – Proposed West Elevation



Appendix B – Proposals Submitted for Planning - Redevelopment of Former Gerrards Cross Police Station Site

Plans - Typologies

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View 1 – Proposed Ground Floor Plan

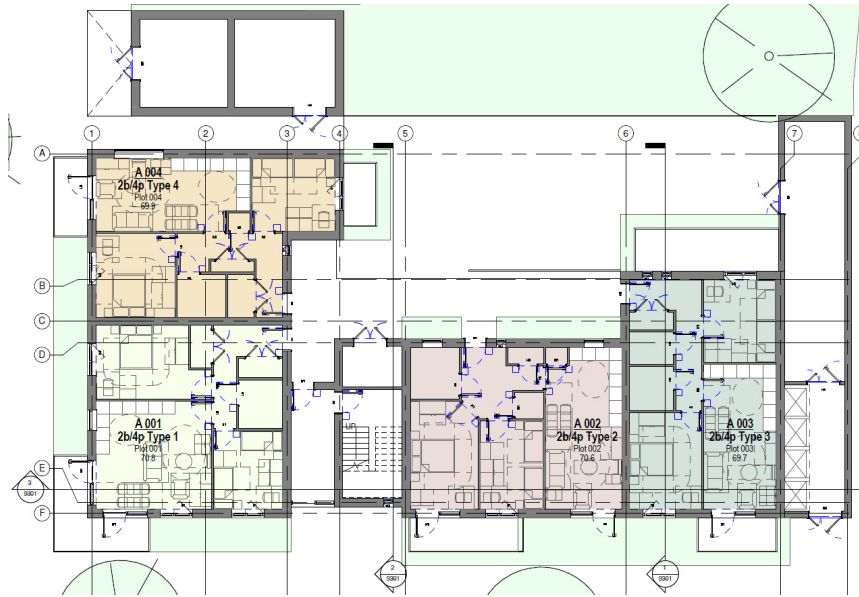
Accommodation Schedule	Number of Units	Proportion
1Bed / 2Person Apartment	6	18 %
2Bed / 4Person Apartment	28	82 %
Total:	34	100 %
62 Car parking Spaces		

View 3 – Proposed Second Floor Plan

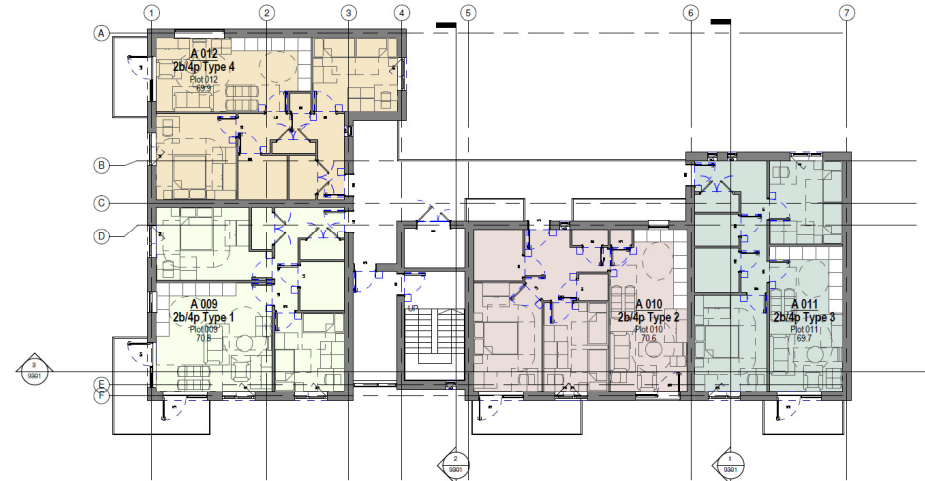


Building A - GA Plans

O10PS

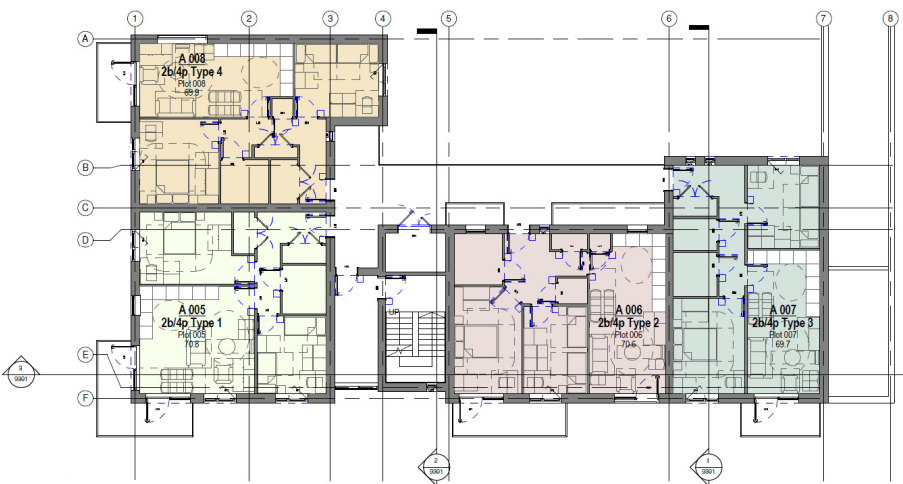


View 1 – Proposed Ground Floor Plan

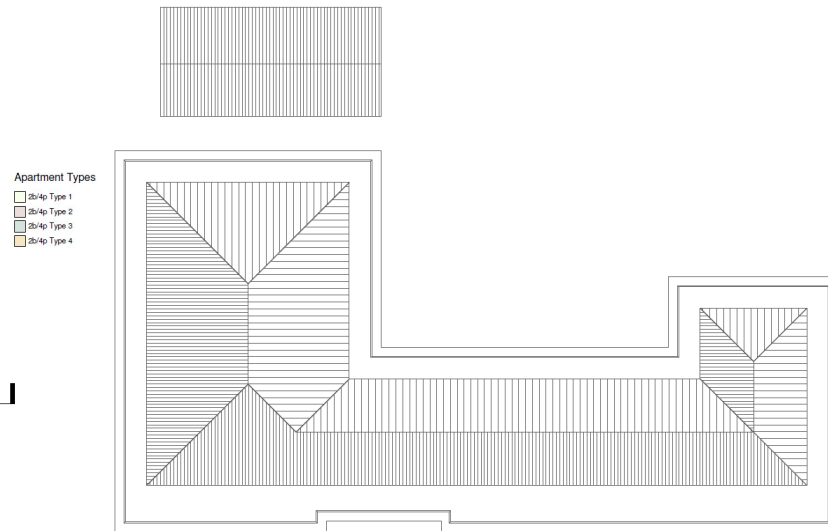


View 3 – Proposed Second Floor Plan

- Apartment Types
- 2b/4p Type 1
 - 2b/4p Type 2
 - 2b/4p Type 3
 - 2b/4p Type 4



View 2 – Proposed First Floor Plan

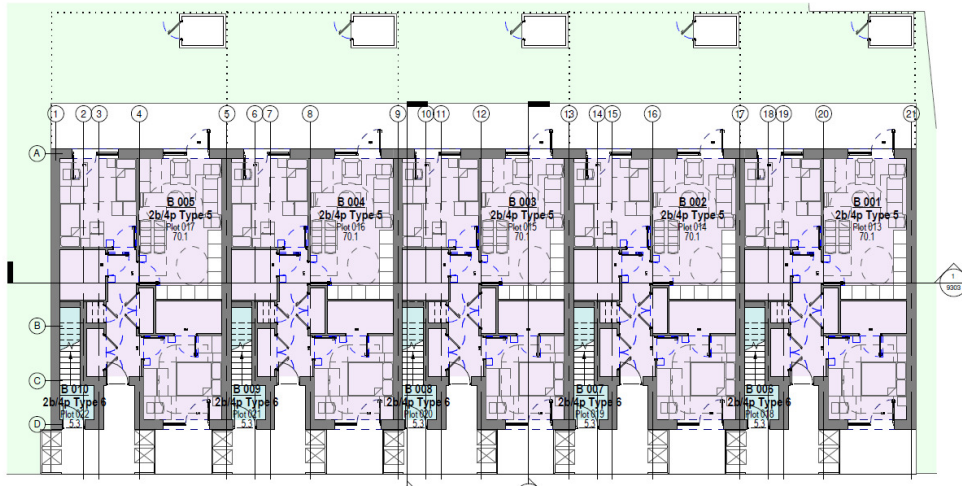


View 4 – Proposed Roof Plan

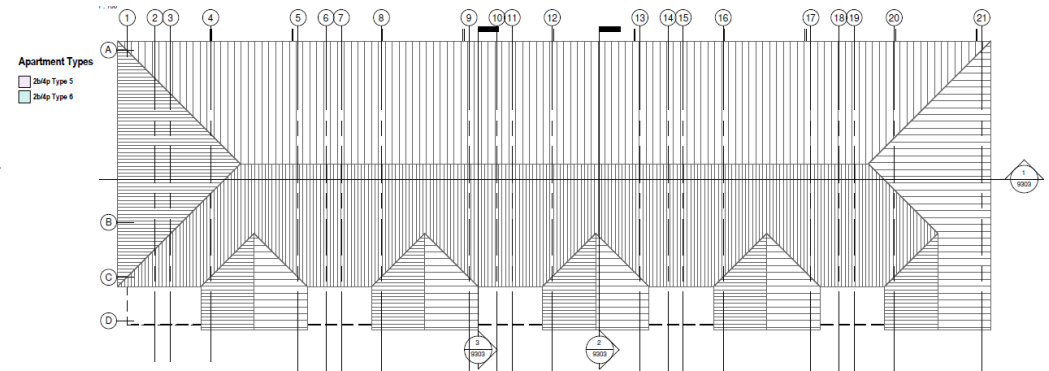


Building B - GA Plans

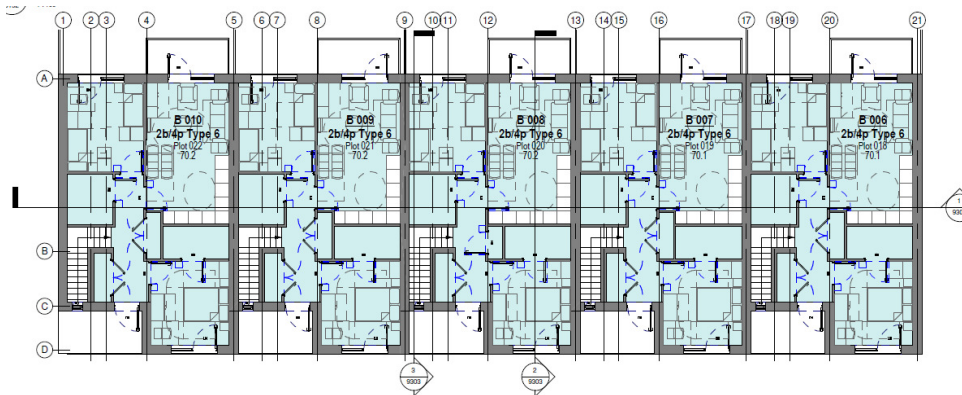
O10PS



View 1 – Proposed Ground Floor Plan



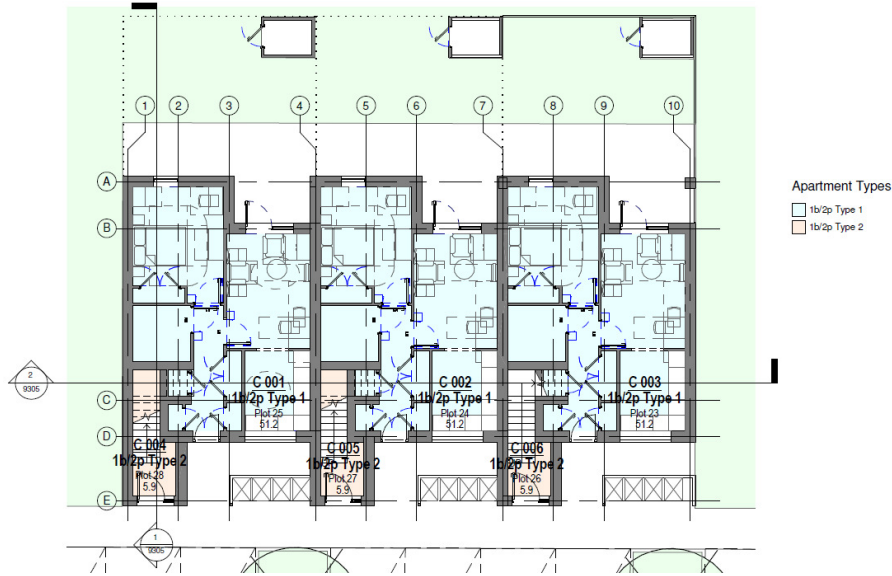
View 3 – Proposed Roof Plan



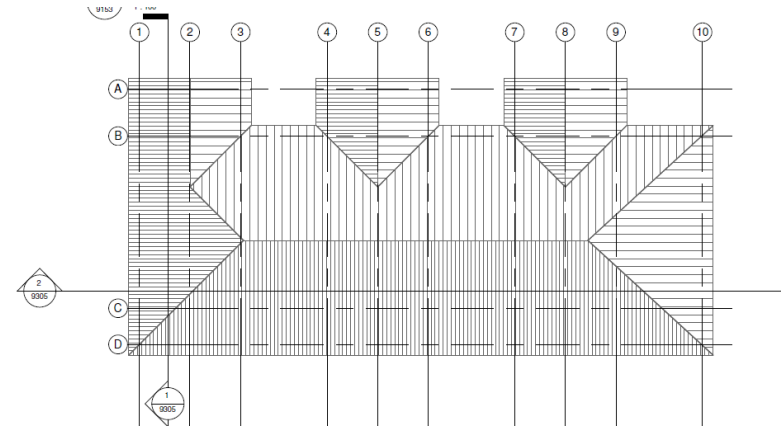
View 2 – Proposed First Floor Plan



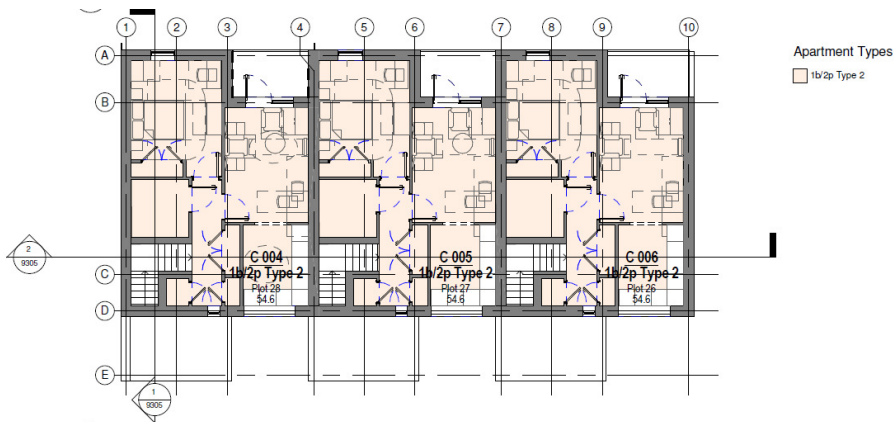
Building C - GA Plans



View 1 – Proposed Ground Floor Plan

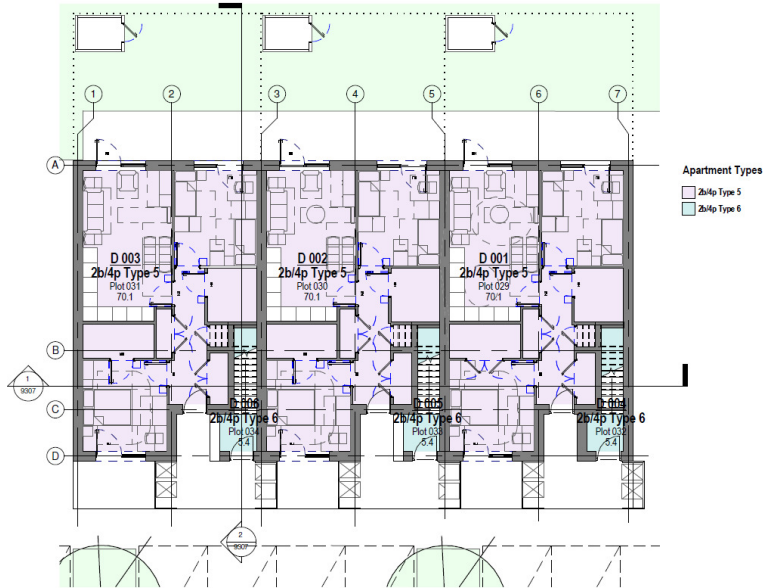


View 3 – Proposed Roof Plan

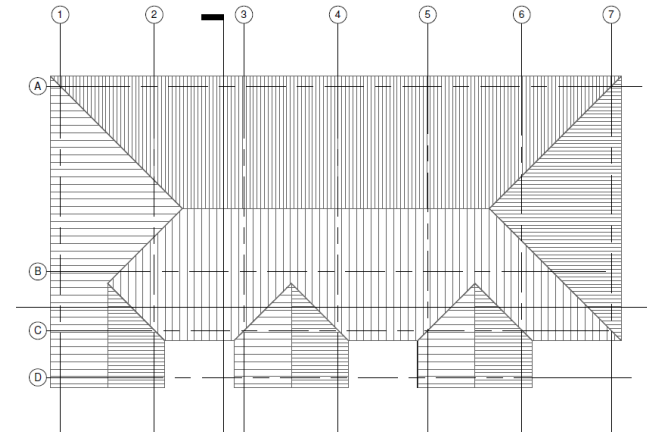


View 2 – Proposed First Floor Plan

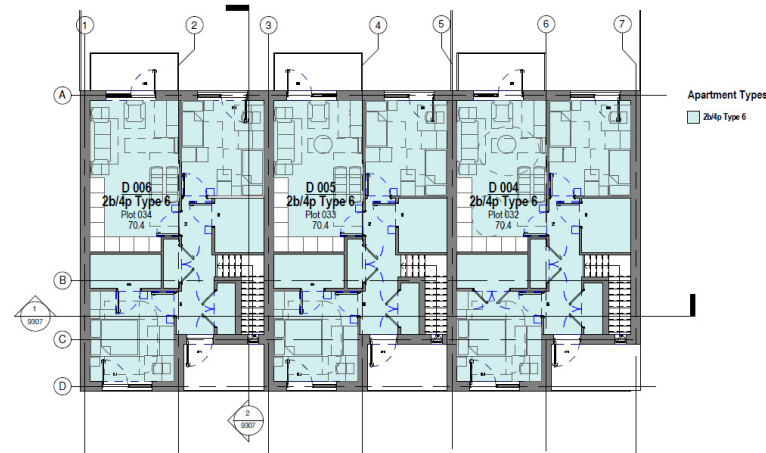
Building D - GA Plans



View 1 – Proposed Ground Floor Plan



View 3 – Proposed Roof Plan



View 2 – Proposed First Floor Plan

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Mr Anwar Zaman
Chiltern District Council & South Bucks District Council
King George V House, King George V Road
Amersham, Bucks
HP6 5AW

27 February 2018

Our Reference AJH/LNW/170895/17-2

Re: Tatling End Development Project Feasibility Estimate Review

Dear Mr Zaman

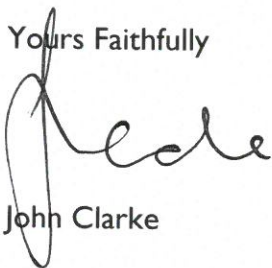
Following receipt of Willmott Dixon's Feasibility Estimate version 6 issued on the 22nd February 2018, for the proposed residential development at the Tatling End site, we have undertaken a none exhaustive review based on information available and have produced a complete report. This was issued on the 26th February 2018. Please see the report for full details

With respect to Willmott Dixon's Feasibility Report we can report that the building £/m² is reduced from £2,001/m² to £1,797.12/m². (Exclusive of Preliminaries, Design, Surveys and OHP's) This represents a -10.18% decrease (-£203.88/m²). We are of the opinion that this much closer aligned to current market rates for a project of this complexity and size.

We recommend that this letter is read in conjunction with our report issued on the 26th February 2018.

Should you have any queries, please do not hesitate to contact me

Yours Faithfully



John Clarke

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Year			Capital Expenditure (Excluding VAT)	R&M Inflationary rise 3.00%	Rental Income Inflationary rise 3.00%	Total Cashflow Before Loan Int	40 Year New PWLB Loan Interest 2.77%	Total Cashflow After Loan Int	Net Present Value (NPV) Discount Rate 3.00%	Repayment Construction Capital / Depreciation	Annual (Profit) / Loss	Return on Investment
			A	B	C	D=A+B+C	B2	D2 = D+B2	D2 Discounted	E	F = B+B2+C+E	
			£	£	£	£	£	£	£	£	£	£
0	2017/18	Preliminary Works	693,000	0	0	693,000	0	693,000	693,000		0	0.0%
1	2018/19	Main Construction	3,568,334	0	0	3,568,334	216,882	3,785,216	3,674,967		216,882	-2.8%
2	2019/20	Letting income from Oct 19	3,568,334	0	-135,796	3,432,538	213,852	3,646,391	3,437,073	200,761	278,817	-3.6%
3	2020/21			30,000	-271,591	-241,591	210,739	-30,853	-28,235	200,761	169,908	-2.2%
4	2021/22			30,900	-279,739	-248,839	207,539	-41,300	-36,695	200,761	159,461	-2.0%
5	2022/23			31,827	-288,131	-256,304	204,251	-52,054	-44,902	200,761	148,707	-1.9%
6	2023/24			32,782	-296,775	-263,993	200,871	-63,122	-52,864	200,761	137,639	-1.8%
7	2024/25			33,765	-305,678	-271,913	197,398	-74,515	-60,588	200,761	126,246	-1.6%
8	2025/26			34,778	-314,849	-280,071	193,829	-86,242	-68,080	200,761	114,519	-1.5%
9	2026/27			35,822	-324,294	-288,473	190,161	-98,312	-75,348	200,761	102,449	-1.3%
10	2027/28			36,896	-334,023	-297,127	186,391	-110,736	-82,398	200,761	90,025	-1.1%
11	2028/29			38,003	-344,044	-306,041	182,517	-123,524	-89,236	200,761	77,237	-1.0%
12	2029/30			39,143	-354,365	-315,222	178,536	-136,686	-95,869	200,761	64,074	-0.8%
13	2030/31			40,317	-364,996	-324,679	174,444	-150,235	-102,303	200,761	50,526	-0.6%
14	2031/32			41,527	-375,946	-334,419	170,239	-164,180	-108,542	200,761	36,580	-0.5%
15	2032/33			42,773	-387,224	-344,452	165,917	-178,534	-114,594	200,761	22,226	-0.3%
16	2033/34			44,056	-398,841	-354,785	161,476	-193,309	-120,464	200,761	7,451	-0.1%
17	2034/35			45,378	-410,806	-365,429	156,912	-208,517	-126,156	200,761	-7,756	0.1%
18	2035/36			46,739	-423,131	-376,392	152,221	-224,171	-131,677	200,761	-23,410	0.3%
19	2036/37			48,141	-435,824	-387,683	147,400	-240,283	-137,030	200,761	-39,522	0.5%
20	2037/38			49,585	-448,899	-399,314	142,446	-256,868	-142,221	200,761	-56,107	0.7%
21	2038/39			51,073	-462,366	-411,293	137,355	-273,939	-147,255	200,761	-73,178	0.9%
22	2039/40			52,605	-476,237	-423,632	132,122	-291,510	-152,137	200,761	-90,749	1.2%
23	2040/41			54,183	-490,524	-436,341	126,745	-309,596	-156,870	200,761	-108,835	1.4%
24	2041/42			55,809	-505,240	-449,431	121,218	-328,213	-161,459	200,761	-127,452	1.6%
25	2042/43			57,483	-520,397	-462,914	115,539	-347,375	-165,908	200,761	-146,614	1.9%
26	2043/44			59,208	-536,009	-476,801	109,702	-367,099	-170,222	200,761	-166,339	2.1%
27	2044/45			60,984	-552,089	-491,106	103,704	-387,402	-174,404	200,761	-186,641	2.4%
28	2045/46			62,813	-568,652	-505,839	97,539	-408,300	-178,458	200,761	-207,539	2.7%
29	2046/47			64,698	-585,712	-521,014	91,204	-429,810	-182,388	200,761	-229,049	2.9%
30	2047/48			66,639	-603,283	-536,644	84,693	-451,951	-186,198	200,761	-251,191	3.2%
31	2048/49			68,638	-621,381	-552,744	78,002	-474,742	-189,891	200,761	-273,981	3.5%
32	2049/50			70,697	-640,023	-569,326	71,125	-498,201	-193,470	200,761	-297,440	3.8%
33	2050/51			72,818	-659,224	-586,406	64,058	-522,347	-196,939	200,761	-321,587	4.1%
34	2051/52			75,002	-679,000	-603,998	56,795	-547,202	-200,301	200,761	-346,442	4.4%
35	2052/53			77,252	-699,370	-622,118	49,332	-572,786	-203,559	200,761	-372,026	4.8%
36	2053/54			79,570	-720,351	-640,781	41,661	-599,121	-206,716	200,761	-398,360	5.1%
37	2054/55			81,957	-741,962	-660,005	33,778	-626,227	-209,775	200,761	-425,466	5.4%
38	2055/56			84,416	-764,221	-679,805	25,676	-654,129	-212,740	200,761	-453,368	5.8%
39	2056/57			86,948	-787,147	-700,199	17,350	-682,849	-215,612	200,761	-482,088	6.2%
40	2057/58			89,557	-810,762	-721,205	8,794	-712,411	-218,395	200,761	-511,651	6.5%
			7,829,668	2,074,783	-18,918,906	-9,014,455	5,220,411	-3,794,044	2,465,142	7,829,668	-3,794,044	

Loan Repayment Annuity			
Opening Balance	Loan Repayment	Principal + Interest	Closing Balance
£	£	£	£
7,829,668	-109,370	-326,252	7,720,298
7,720,298	-112,400	-326,252	7,607,898
7,607,898	-115,513	-326,252	7,492,385
7,492,385	-118,713	-326,252	7,373,672
7,373,672	-122,001	-326,252	7,251,671
7,251,671	-125,381	-326,252	7,126,290
7,126,290	-128,854	-326,252	6,997,436
6,997,436	-132,423	-326,252	6,865,013
6,865,013	-136,091	-326,252	6,728,922
6,728,922	-139,861	-326,252	6,589,061
6,589,061	-143,735	-326,252	6,445,326
6,445,326	-147,716	-326,252	6,297,610
6,297,610	-151,808	-326,252	6,145,802
6,145,802	-156,013	-326,252	5,989,789
5,989,789	-160,335	-326,252	5,829,454
5,829,454	-164,776	-326,252	5,664,678
5,664,678	-169,340	-326,252	5,495,337
5,495,337	-174,031	-326,252	5,321,306
5,321,306	-178,852	-326,252	5,142,454
5,142,454	-183,806	-326,252	4,958,648
4,958,648	-188,897	-326,252	4,769,751
4,769,751	-194,130	-326,252	4,575,621
4,575,621	-199,507	-326,252	4,376,114
4,376,114	-205,034	-326,252	4,171,080
4,171,080	-210,713	-326,252	3,960,367
3,960,367	-216,550	-326,252	3,743,817
3,743,817	-222,548	-326,252	3,521,269
3,521,269	-228,713	-326,252	3,292,556
3,292,556	-235,048	-326,252	3,057,508
3,057,508	-241,559	-326,252	2,815,949
2,815,949	-248,250	-326,252	2,567,699
2,567,699	-255,127	-326,252	2,312,572
2,312,572	-262,194	-326,252	2,050,378
2,050,378	-269,456	-326,252	1,780,922
1,780,922	-276,920	-326,252	1,504,001
1,504,001	-284,591	-326,252	1,219,410
1,219,410	-292,474	-326,252	926,936
926,936	-300,576	-326,252	626,360
626,360	-308,902	-326,252	317,458
317,458	-317,458	-326,252	0

It is beneficial to proceed if:
 - The Total NPV over the 40 years is negative (ie income exceeds expenditure)
 - The Annual Return on Investment is reasonable.

IRR 3.67% Negative is good Negative is good

Notes:

This capital expenditure figure excludes decontamination costs (as these are reclaimable from TVPA).
 It also excludes the cost of purchasing the site, as the intention is to retain the ownership of the site and thus the Council will always retain the value of the land.

Rental Income	Rent / Month	Max Rent	Occupancy 2 void weeks in 12 mths	Mgt Fee	Mgt Fee £	Net Rent	
			0.038461538				
6	1 bed flat	800	57,600	-2,215	10%	-5,760	49,625
14	2 bed flat	950	159,600	-6,138	10%	-15,960	137,502
14	2 bed flat - AH	760	127,680	-4,911	30%	-38,304	84,465
34			344,880	-13,265		-60,024	271,591

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SUBJECT:	<i>Cost of Homelessness</i>	
REPORT OF:	<i>Paul Kelly</i>	<i>Health Communities Portfolio Holder</i>
RESPONSIBLE OFFICER	<i>Jim Burness</i>	<i>Director of Resources</i>
REPORT AUTHOR	<i>Rodney Fincham</i> <i>Martin Holt</i>	<i>Head of Finance 01494 732 260</i> <i>Head of Health Communities</i>
WARD/S AFFECTED	<i>All</i>	

1. Purpose of Report

- 1.1 To note the cost of homelessness.

RECOMMENDATIONS

1. To note the report.

2. Reason for Recommendations

- 2.1 The Overview and Scrutiny Homelessness Management Task and Finish Group made the following recommendation:

Members asked for the real costs of homelessness to be presented to the Healthy Communities PAG giving clear information on the whole picture, including hidden costs, staff costs and the costs of accommodation to the Council above the flat rate charge.

3. Statutory Background

- 3.1 Part 7 of the Housing Act 1996 places a statutory duty on SBDC to secure temporary accommodation for homeless persons who apply for housing assistance. The duty can arise at various stages of the application process and is dependent on factors such as whether or not the applicant is deemed to be in priority need (non-priority need households will not normally be subject to the duty). In many cases, the duty is mandatory and SBDC has to comply with the requirement to secure accommodation.
- 3.2 SBDC does not have any designated temporary accommodation to meet its Part 7 duties. It utilises:
- Bed and Breakfast / nightly booked accommodation.
 - L&Q properties let on a temporary basis (approximately 15 units at any one time).
 - Other opportunities that become available (e.g. Utilising vacant Police Houses at Gerrards Cross and vacant L&Q owned student accommodation in Wycombe).

4. Cost of Joint Homelessness / Housing Options Team

4.1 The Council operates a joint Homelessness / Housing Options team with Chiltern District Council (CDC). This team comprises the following staff.

- Housing Manager – c50% of time
- 1 FTE Senior Housing Options Officer
- 7.23 FTE Housing Options Advisors
- 0.5 FTE Housing Customer Support Officer.

4.2 The budgeted cost of the housing options team in 2017/18 is £356,250. This is shared between CDC and SBDC.

4.3 The following costs are also incurred:

- £40,150 Cost of locator housing system Shared CDC / SBDC.
- £20,000 Rough sleeper outreach project Shared CDC / SBDC.
- £13,123 CAB specialist debt advice service SBDC only cost.

4.4 To offset some of the costs, in 2017/18 Central Government has given SBDC:

- A Flexible Homelessness Support Grant of £113,007. This grant is ring-fenced and can only be used to prevent or deal with homelessness.
- A Grant of £25,831 – Extra burdens funding arising from the Homelessness Reduction Act.

4.5 In seeking to control the demand for emergency accommodation the Council has taken a preventative approach and offers advice, assistance and support to prevent homelessness. It achieves this via officers directly intervening in cases at risk of eviction to help retain existing tenancies. However if a homeless application is made the Council has a duty to investigate and provide emergency accommodation were necessary.

4.6 To assist in reducing the demand for accommodation the Council supports the provision of specialist debt advice via the Citizens Advice Service, as well as the general CAB advice services assisting people to manage their problems. These services assist households manage and prioritise their debts and access benefits, with day to day liaison over individual cases. Being co-located at the South Bucks offices supports improved communication in relation to benefit and debt cases and assists in delivering joint training opportunities.

4.7 CDC and SBDC were part of a successful countywide bid for DCLG Homelessness Trailblazer funding (£625k), to establish the Resilience Service, operated by Connection Support a not for profit organisation commissioned to deliver support services by the district partnership and the county council. This service focusses on homelessness prevention and early intervention, providing one-to-one support to clients and linking to partner agencies (e.g. Health, Probation, Early Help Panel, Job Centres etc).

5. Support from other Departments

- 5.1 The Legal Team provide advice to the Housing Options Team on homelessness appeals which go to the County Court. If the appellant is unsuccessful we seek to recover our legal costs. Since April 2017 the legal team have spent approximately 100 hours in total on two SBDC homelessness cases, one heard at County Court and one of which has been lodged at the Court of Appeal.
- 5.2 The Finance team are responsible for chasing any outstanding homeless debt once the person has moved on from the B&B / nightly booked accommodation. It is estimated that this takes up approximately 0.5FTE of a Finance Assistants time. In addition if the debt ends up being passed to a Debt Collector they will charge 15% of any money collected.
Note: The Housing team pursue the debt whilst the client is being housed, as they are already in regular contact with the client, and have more influence to encourage payment.
- 5.3 There are also regular meeting between Finance, Benefits and Housing to review all cases, particularly to ensure housing benefit is being claimed when appropriate, and client contributions are being made.

6. Cost of Accommodation

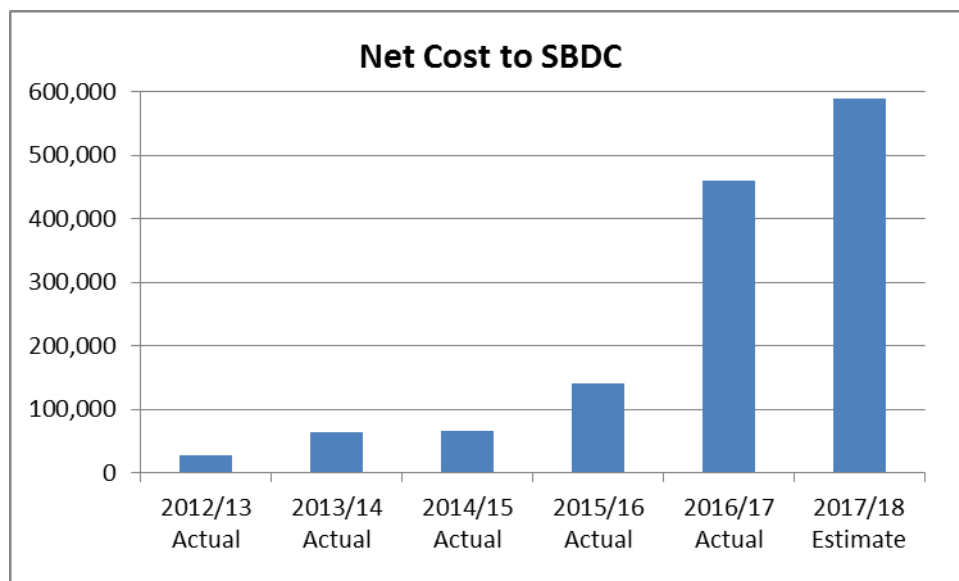
- 6.1 In addition to the cost of the Joint Homelessness / Housing Options team, the Council also incurs costs associated with housing homeless clients. These costs are not shared with CDC.
- 6.2 When a homeless client is placed in B&B / nightly booked temporary accommodation:
- SBDC pays the cost of the temporary accommodation (this varies between £30 and £100 a night depending on the size / nature of the accommodation), and
 - SBDC is entitled to charge the client a 'reasonable amount' under Section 206(2) of the Housing Act 1996. Note: When considering what a 'reasonable amount' is affordability issues need to be considered; indeed there have been legal cases where a nil rent has been deemed appropriate due to affordability issues.
- 6.3 The homeless client will then cover these charges by claiming Housing Benefit / Universal Credit if appropriate and making personal contributions.
Note: Normally in these cases the Housing Benefit is paid direct to SBDC (as opposed to the client). However it is the client's Housing Benefit and it is **their** responsibility to claim this.
- 6.4 The cost per night per family is summarised in the following table.

	£
Rent paid to B&B owner by SBDC per night	60
Less Housing Benefit entitlement *	-20
Less required contribution from person	-5
Net Cost to SBDC	35

* This is the maximum HB that central Government reimburses SBDC for.

- 6.5 Furthermore if a client fails to claim housing benefit and / or fails to make the required financial contribution then the cost to SBDC will increase accordingly.

6.6 The total annual net accommodation cost to SBDC for all homeless clients placed in B&B / nightly let accommodation is shown in the graph below.



6.7 The reason the cost has risen is due to a variety of factors including:

- The rent paid by SBDC to B&B owners has increased due to inflation and lack of supply.
- More clients are having to be placed in more expensive nightly let accommodation (rather than B&B) to minimise the number of families who stay in B&B over 6 weeks.
- The number of Homelessness applications has increased.
- The length of stay in B&B / temporary accommodation has increased due to a lack of move on accommodation.

7. Corporate Implications

7.1 The total direct cost of homelessness to SBDC in 17/18 is approximately £650,000.

	£
Joint Homelessness / Housing Options team	200
Net cost of accommodation	590
Less the Government Grant income	-140
Total	650

This excludes that time spend by support departments.

7.2 The cost of homeless accommodation has increased significantly over recent years, and action is being taken to reduce reliance on B&B / nightly let accommodation in the future.

8. Links to Council Policy Objectives

8.1 Part 7 of the Housing Act 1996 places a statutory duty on SBDC to secure temporary accommodation for homeless persons who apply for housing assistance.

Background Papers:	Overview and Scrutiny Homelessness Management Task and Finish Group papers
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SUBJECT:	<i>Treasury Management – Quarterly Report Quarter 3 2017/18</i>
REPORT OF:	<i>Jim Burness, Director of Resources</i>
RESPONSIBLE OFFICER	<i>Helen O'Keeffe, Principal Accountant</i>
REPORT AUTHOR	<i>Helen O'Keeffe, hokeeffe@chiltern.gov.uk 01494 732781</i>
WARD/S AFFECTED	<i>All</i>

1. Purpose of Report

- 1.1 To report on the Treasury Management operation of the Council for September – December 2017.

RECOMMENDATION

Members are requested to note the Treasury Management performance for Quarter 3 2017/18.

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. Quarterly Report on Treasury Management Quarter to December 2017

- 3.1 As a debt free authority the treasury management activities of the Council are exclusively concerned with the investment of its reserves, as the Council does not currently undertake any borrowing.

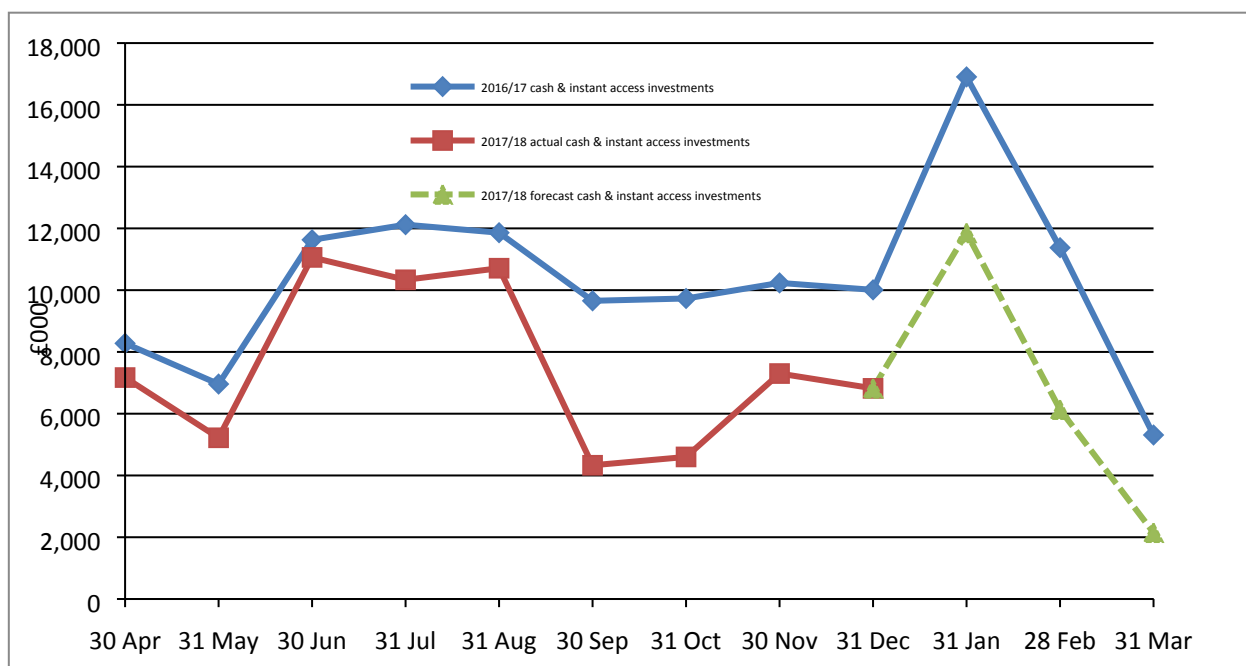
- 3.2 The base rate was decreased from 0.5% to 0.25% in August 2016, with the rate having remained at 0.5% since March 2009. The base rate was increased to 0.5% on 2 November.
- 3.3 The total of loans outstanding at the end of the quarter was £14,000,000 detailed in the table below.

UK Institutions	Fitch Credit Rating	Principal £	Interest Rate	Invested	Matures	Length in Days
Invesco Money Market Fund		1,000,000	Currently 0.38%	On call		
Lloyds Banking Group	A+					
Fixed Deposit		1,000,000	0.65%	02/08/17	02/08/18	365
Royal Bank of Scotland	BBB+					
Fixed Deposit		2,000,000	3 mth LIBOR	09/02/15	09/02/18	1096
Fixed Deposit		3,000,000	3 mth LIBOR	09/02/15	09/02/20	1826
Santander	A					
Fixed Deposit		1,000,000	0.85%	02/06/17	04/06/18	367
Fixed Deposit		1,000,000	0.45%	15/09/17	15/03/18	181
Close Brothers						
Fixed Deposit		3,000,000	0.80%	15/09/17	14/09/18	364
Fixed Deposit		2,000,000	0.40%	15/09/17	15/03/18	181
Total Deposits		14,000,000				

- 3.4 In addition, funds are held on a short term basis for day to day cashflow purposes with our bankers, Barclays. At the end of December £5,820k was held in an instant access account.
- 3.5 The following corporate bonds were held at the end of the December 2017, valued as at 31 March 2017:

Bond held	Valuation £	Coupon Interest Rate	Effective Interest Rate	Maturity date
Asif II (a)	100,690	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	624,063			

- 3.6 The weighted average interest rate earned on fixed rate investments in the quarter was 0.51%.
- 3.7 Link Asset Services is engaged by the Council as its Treasury Management consultants providing advice on investment, performance and regulations where necessary.
- 3.8 The following graph shows how the level of cash and instant access investments fluctuated in 2016/17, and the forecast levels of cash and instant access investments in 2017/18. The graph demonstrates the level of cash and excludes fixed term investments which will be returned before the end of the year. There is £5m currently invested which will mature before the end of March. Therefore, using the current cashflow projection, some of the £5m would not be reinvested into long term investments. Instead, some of these funds would be kept for short term cashflow requirements.



4. The Prudential Capital Code – Prudential Indicators

- 4.1 In accordance with the Prudential Capital Code the Council reviews its Prudential Indicators on a quarterly basis. Movements in the Prudential Indicators for the year 2017/18 to date are as follows:
- 4.2 Interest rate exposures

The interest rate exposure on investments has moved as follows:

Date	Investments as a % of total	
	Fixed	Variable
31/03/17	70%	30%
30/06/17	73%	27%
30/09/17	81%	19%
31/12/17	93%	7%

This Prudential Indicator sets an upper limit on fixed interest rate exposures of 100% and variable interest rate exposures of 70% of net outstanding principal sums. Exposures have been managed within this limit.

4.3 Principal sums invested for periods longer than 364 days.

The upper limit for sums invested for periods longer than 364 days is £16m. As at the end of December the figures are as follows:

Date	Total investments (excluding bonds)	Sums invested for greater than 364 days	% of total investments
31/03/17	£16m	£11m	69%
30/06/17	£14m	£8m	57%
30/09/17	£20m	£8m	40%
31/12/17	£14m	£7m	50%

Of the £7m that is invested for greater than 364 days, £2m is for 3 loans for a period between 365 and 367 days. £5m is invested for greater than 367 days. Sums invested reflect the current level of rates that do not incentivise long term cash investments.

5 Corporate Implications

- 5.1 The budgeted income from investments for 2017/18 has been set at £200,000. Investment income earned in the year to December is £92k. The budget assumed an interest rate of 1% on medium term loans and 0.35% on short term loans. If interest rates remain at their current levels budgeted rates are unlikely to be achieved and the estimated outturn is £70,000 under budget.

Background Papers:	None
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