



Resources Policy Advisory Group

Tuesday, 24 September 2019 at 6.00 pm

Room 6 - Capswood, Oxford Road, Denham

A G E N D A

This Policy Advisory Group meeting is not open to the public

Item

1. Evacuation Procedure
2. Apologies for Absence
3. Minutes (*Pages 5 - 6*)

To approve the minutes of the Resources PAG held on 12 June 2019.
4. Declarations of Interest
5. Inter Authority Agreement for Bucks County Council Legal Services (*Pages 7 - 10*)
6. Treasury Management Quarterly Report Quarter 1 2019/20 (*Pages 11 - 14*)
7. Write off Report for the 2018/2019 financial year (*Pages 15 - 18*)
8. Exempt Information

To resolve that under Section 100(A)(4) of the Local Government Act 1972 the following item(s) of business is not for publication to the press or public on the grounds that it involves the likely disclosure of exempt information as defined in Part 1 of Schedule 12A to the Act.

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

Councillors: B Gibbs (Chairman)
(Vice-Chairman)
S Chhokar
D Dhillon
J Jordan
P Kelly
J Lowen-Cooper

Date of next meeting – Monday, 13 January 2020

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RESOURCES POLICY ADVISORY GROUP

Meeting - 12 June 2019

Present: B Gibbs (Chairman)
P Kelly

Apologies for absence: D Dhillon and J Jordan

1. MINUTES

The minutes of the Resources PAG held on 6 December 2018 were approved.

2. DECLARATIONS OF INTEREST

There were no declarations of interest.

3. TREASURY MANAGEMENT - ANNUAL REPORT 2018/19

The PAG received a report which summarised the Treasury Management performance of the Council for the financial year 2018/19. It was noted that the average interest rate earned on fixed rate investments over the year was 0.79%, and that there had been an overachievement of £69,000 against budget, largely due to the interest earned from the Council's loan with Consilio Property Ltd.

In response to a query regarding funding for the transition to the new Buckinghamshire Council, it was advised that funds had already been transferred from the Council's General Reserve to an earmarked reserve as set out in the annual budget. The overall transition budget would be kept under review by the Shadow Executive, but it was likely that if any changes needed to be made this would happen as part of setting the first budget for the new Council.

It was **RESOLVED** that the report be noted.

4. EXEMPT INFORMATION

RESOLVED that under Section 100(A)(4) of the Local Government Act 1972 the following item(s) of business are not for publication to the press or public on the grounds that they involve the likely disclosure of exempt information as defined in Part 1 of Schedule 12A to the Act.

5. PARKSIDE HOUSE OPTIONS

Members received a report which set out a number of options for the future use of Parkside House, at Parkside Cemetery, Fulmer. The PAG were taken through five options set out in the report and were provided with the overall nett revenue effect of each option for comparison.

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The PAG felt that the asset should be retained by the Council and discussed the options for letting the property. It was suggested that, given the lack of affordable accommodation for key workers in the District, it would be preferable to convert the property into two units for rental to local key workers in public services such as education.

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

1. That Parkside House be refurbished to provide two lettable units within the budget set out in Option B of the report, with the intention of providing housing for key workers in the local area.
2. To agree, subject to a successful planning application, to appropriate Parkside House from its current use as tied cemetery accommodation.

6. BAD DEBT WRITE OFF REQUEST

The PAG considered a report which requested authorisation to write-off an outstanding homelessness B&B debt. Members were informed that this was the last of the significant arrears cases relating to temporary accommodation; and that procedures had been changed to ensure that the Council has a robust recovery process to deal with arrears consistently as set out in paragraph 7.5 of the report.

It was requested that a list of smaller debts be circulated to Members for information, and that a follow-up internal audit be carried out to be reported to the Audit & Standards Committee and Resources PAG.

Having considered the advice of the PAG, the Portfolio Holder agreed to **RECOMMEND** to Cabinet that the write-off of the homelessness B&B debt be authorised.

The meeting terminated at 6.45 pm

SUBJECT	Inter Authority Agreement for Bucks County Council Legal Services
RELEVANT MEMBER	Portfolio Holder for Resources - Cllr Barbara Gibbs
RESPONSIBLE OFFICER	Head of Legal & Democratic Services
REPORT AUTHOR	Joanna Swift, 01494 732761 joanna.swift@chilternandsouthbucks.gov.uk
WARD/S AFFECTED	None

1. Purpose of Report

This report seeks authority for the Chiltern and South Bucks joint Legal Service to carry out legal work for Buckinghamshire County Council from 1 October 2019 to 31 March 2020 together with Wycombe District Council.

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

RECOMMENDATIONS:

1. **That South Bucks District Council enters into an Inter Authority Agreement with Chiltern District Council and Wycombe District Council for the provision of legal services to Buckinghamshire County Council from 1 October 2019 to 31 March 2020**
2. **That the Head of Legal & Democratic Services be authorised to agree the final terms and conditions of the IAA.**

2. Reasons for Recommendations

To facilitate the re-establishment of an in-house legal service for Buckinghamshire County Council following termination of their external legal services contract with HB Public Law on 30 September 2019 and minimise redundancies across all organisations during the transition to a unitary council.

3. Content of Report

3.1. Buckinghamshire County Council (BCC) have outsourced their legal service provision to HB Public Law (HBPL) under an agreement which will come to an end on 30 September 2019. In the light of the move to unitary status, BCC agreed to pause a decision on the future provision of its Legal Services, to allow for discussions with District Council colleagues about the potential to introduce joint arrangements for provision of legal services, being mindful of the need to minimise redundancies across all organisations during the transition to a unitary council.

- 3.2. The Head of Democratic, Legal and Policy Services at Wycombe District Council identified spare capacity to lead on the recruitment of legal staff for BCC, as well as the management and charging arrangements for employment, contracts, planning and litigation lawyers. Capacity to provide professional supervision of BCC property and regeneration lawyers was identified by the Council's Head of Legal and Democratic Services, together with some capacity to undertake property work if required.
- 3.3. Joint arrangements have significant potential to reduce both administrative and service costs as well as according with the duty to secure best value under section 3(1) of the Local Government Act 1999. BCC have therefore agreed to enter into an Inter Authority Agreement with Chiltern, South Bucks and Wycombe District Councils for delivery of legal services from 1 October 2019 until vesting day.
- 3.4. The IAA will set out details of the services to be provided to BCC. For Chiltern and South Bucks joint legal services this will involve allocating legal instructions in respect of BCC property and regeneration work, providing professional supervision for the 4 BCC property lawyers recruited by Wycombe District Council, time recording and charging for supervisory work, charging for any property and regeneration work carried out by Chiltern and South Bucks legal staff, time recording and raising monthly invoices. All time spent by staff providing legal services to BCC will be charged on an hourly rate basis and invoiced a month in arrears.

4. Consultation

Not Applicable

5. Options (if any)

The Council could decide not to participate in the joint provision of legal services to BCC but this could increase the risk of redundancies arising in future and be detrimental to re-establishing BCC's in-house legal service.

6. Corporate Implications

6.1 Financial – The time spent by Chiltern and South Bucks staff on legal work for BCC will be recorded and BCC will be billed on a monthly basis.

6.2 Legal - Under section 1 of the Local Authority (Goods and Services) Act 1970 local authorities have power to enter into agreements to provide professional and technical services to other public bodies. This allows the District Councils to provide legal services to BCC and gives a wide discretion to include appropriate terms in relation to payment and other relevant matters.

7 Links to Council Policy Objectives

There are no specific links to the Council's Key objectives but the proposed IAA supports joint working between the Districts and BCC during the transition to the new unitary council.

9. Next Steps

The IAA will be finalised in readiness for the provision of legal services to BCC to start on 1 October.

Background Papers:	None other than referred to in this report
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South Bucks District Council
Resources Policy Advisory Group

SUBJECT:	<i>Treasury Management – Quarterly Report Quarter 1 2019/20</i>
REPORT OF:	<i>Jim Burness, Director of Resources</i>
RESPONSIBLE OFFICER	<i>Helen O'Keeffe, Capital & Treasury Manager</i>
REPORT AUTHOR	<i>Helen O'Keeffe, helen.okeeffe@chilternandsouthbucks.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 April – June 2019.

RECOMMENDATION

Members are requested to note the Treasury Management performance for Quarter 1 2019/20.

2. Background

- 2.1 The Council is required to comply with the CIPFA Code of Practice on Treasury Management. The primary requirements of the revised code are:
- (i) Creation and maintenance of a Treasury Management Policy Statement, which sets out the policies, objectives and approach to risk management of the Council's treasury management activities.
 - (ii) Creation and maintenance of Treasury Management Practices, setting out the manner in which the Council will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.
 - (iii) Receipt by the Cabinet and Council of an annual strategy report for the year ahead, a mid-year review 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 June 2019

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- 3.1 In January 2019 the Council took out a loan from the PWLB to finance the purchase of a budget hotel through Consilio Property Ltd. The value of the loan was £5,478,000, borrowed at an interest rate of 2.09% repayable over 10 years.
- 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% in November 2017 with a further increase to 0.75% in August 2018.
- 3.3 The total of loans outstanding at the end of the quarter was £5,000,000 as detailed in the table below. There were no fixed term investments as at the end of June.

UK Institutions	Fitch Credit Rating	Principal £	Interest Rate	Invested	Matures	Length in Days
Aberdeen Standard Money Market Fund		4,000,000	Currently 0.76%	On call		
Invesco Money Market Fund		1,000,000	Currently 0.75%	On call		
Total Deposits		5,000,000				

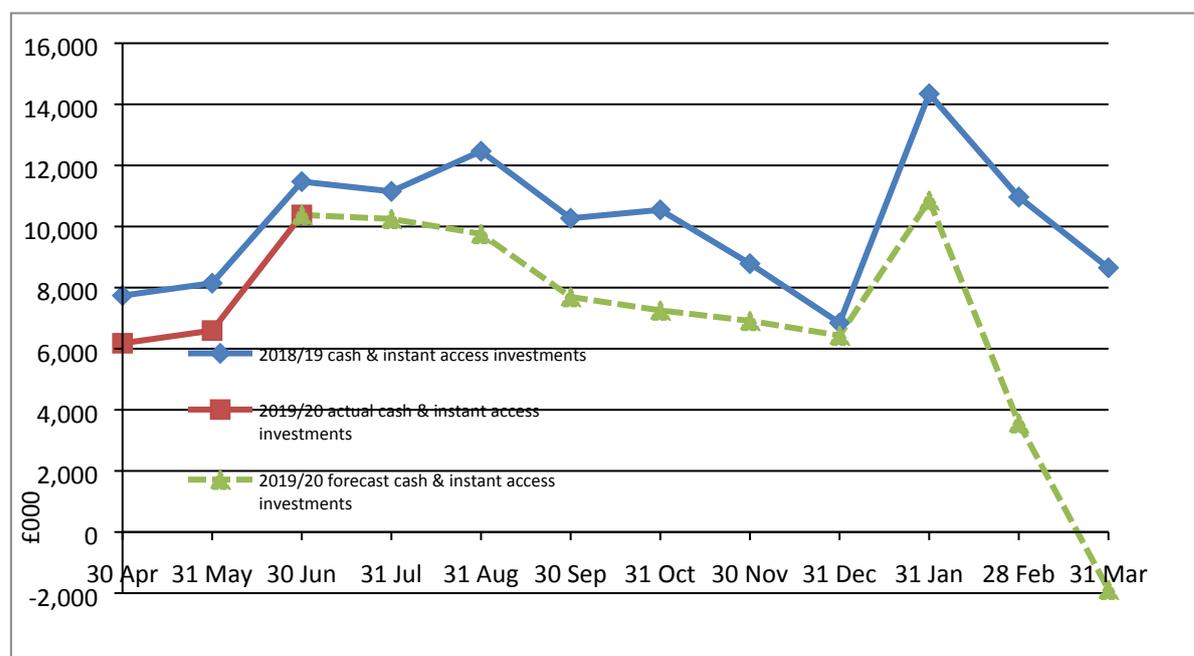
- 3.4 In addition, funds are held on a short term basis for day to day cashflow purposes with our bankers, Barclays. At the end of June £5,380k was held in an instant access account.
- 3.5 The following corporate bonds were held at the end of the June 2019, valued as at 31 March 2019:

Bond held	Valuation £	Coupon Interest Rate	Effective Interest Rate	Maturity date
Asif II (a)	91,360	6.38%	5.49%	05/10/20
Asif II (b)	30,095	6.38%	5.33%	05/10/20
Asif II (c)	48,367	6.38%	6.41%	05/10/20
UK Treasury	162,286	8.00%	4.77%	07/06/21
Atlantia SPA (a)	63,023	6.25%	5.65%	09/06/22
Atlantia SPA (b)	99,509	6.25%	5.55%	09/06/22
UK Treasury	68,701	6.00%	4.76%	07/12/28
Total	563,341			

- 3.6 Link Asset Services is engaged by the Council as its Treasury Management consultants providing advice on investment, performance and regulations where necessary.
- 3.7 The following graph shows how the level of cash and instant access investments fluctuated in 2018/19, and the forecast levels of cash and instant access investments

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in 2019/20. The current cashflow shows that the Council will be overdrawn at the end of the year, however there are a number of unknown factors within the cashflow assumption, including estimated capital expenditure. The level of cash will be monitored and appropriate processes put into place if required to avoid the Council being overdrawn.



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 2019/20 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
31/03/19	9%	91%
30/06/19	10%	90%

This Prudential Indicator sets an upper limit on fixed interest rate exposures of 100% and variable interest rate exposures of 90% of net outstanding principal sums. This limit was slightly exceeded in March 2019 as a result of the Council no longer holding any fixed term investments other than corporate bonds.

4.3 Principal sums invested for periods longer than 365 days.

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The upper limit for sums invested for periods longer than 365 days is £14m. As at the end of June the figures are as follows:

Date	Total investments (excluding bonds)	Sums invested for greater than 365 days	% of total investments
31/03/19	£6m	£0m	0%
30/06/19	£5m	£0m	0%

5 Corporate Implications

- 5.1 The budgeted income from investments for 2019/20 has been set at £130,000. Investment income earned in the year to June is £28k. It is difficult to forecast the investment income for the year owing to general uncertainty around interest rates pending the outcome of Brexit.

Background Papers:	None
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SUBJECT	Write offs 2018/2019
RELEVANT MEMBER	Cllr Gibbs
RESPONSIBLE OFFICER	Richard Charters, Revenues Operations Manager (Acting Head of Service)
REPORT AUTHOR	Richard Charters, 01494 732272, Richard.charters@chilternand.southbucks.gov.uk
WARD/S AFFECTED	All

1. Purpose of Report

This report is to report on the final position for write offs for the full year 2018/2019.

RECOMMENDATIONS:

- Resources Policy Advisory Group are asked to note and comment on the write offs for 2018/2019.**

2. Content of Report

2.1 Members have requested that amounts written of are reported on an annual basis. This is the report detailing amounts written off in the 2018/2019 financial year.

2.2 The increase in the level of write offs and the large number and amount is attributable to the South Bucks DC Arrears Recovery Project. At the time of the Revenues Shared Service Review it was identified that the level of arrears of Council Tax, Business Rates and Housing Benefits Overpayments were an area where the new service could improve recovery. This action would bring increased income to South Bucks District Council, Buckinghamshire County Council, Thames Valley Police Authority and Buckinghamshire & Milton Keynes Fire Service. The project commenced in August 2016 and was planned to last for two years. The project generated considerable income to South Bucks District Council from the recovery of arrears, however the remit of the project was to reduce the arrears outstanding and in many circumstances the only option available to us is to write the debt off. This is has been one of the focuses of the project team to ensure that the service has manageable levels of arrears.

Type of Debt	Numbers 2017/2018	Amount	Numbers 2018/2019	Amount
Sundry Debts	86	£127,544.93	80	£61,598.75
HB/CTS overpayments	163	£117,411.40	494	£308,704.79
Council Tax	1661	£445,421.56	2490	£825,089.57
Business Rates	65	£62,792.63	445	£488,754.01
Penalty Charge Notices	15	£750.00	51	£3141
Total	2012	£753,920.52	3560	£1,687,288.12

Sundry Debts

2.3 There were 81 write offs totalling £61,598.75 written off in 2018/2019. The majority of these were bed and breakfast / temporary accommodation charges for homeless families.

The majority of these were where the debts were unable to pursue or recover due to the debtors lack of funds or no forwarding address was established. One debt of £1567.14 was written off by Cabinet

Housing Benefits, Council Tax Benefits and Council Tax Support Overpayments

2.4 This year there have been a total of 494 overpayments written off and this amounted to £308,704.79. This compares to 163 overpayments amounting to £117,411.40 in the 2018 financial year

2.5 The South Bucks Recovery project focused on arrears from previous years which date back a number of years, the amounts written off in this financial year are mainly due to the fact that they are old debts and so are past the time limit to enable us to take recovery action, uneconomical to pursue, insolvent, gone away no trace and deceased. The table below identifies the main reasons for write offs of these cases.

Reason for write off	Number 2018/2019	Amount
Outside of statutory limits	123	£93832.71
Uneconomical to pursue	39	£1200.63
Insolvent	33	£21345.13
Gone away	61	£39902.23
Deceased	74	£37213.44
Decision to write off	148	£113,981.19

Council Tax

2.6 In 2018/19 there were 2490 amounts of Council Tax written off and this totalled £825,089.57. It should be noted that a large number of this total were cases where the debts were written off spanning several years.

2.7 The large number of write offs are due to the work being carried out on the recovery project to focus on previous years' arrears. The key categories and amounts of write offs are shown in the table below:

Category	Number	Amount
Costs written off	947	£79551.54
Debtor insolvent	80	£56900.45
Uneconomical to recover	1193	£706,908.97
Credits written off	125	(£21901.10)

2.8 The rest of the write offs are mainly small balances, disputes over liability and liability adjustments.

Business Rates

2.9 In 2018/2019 there were 445 amounts of Business Rates written off totalling £488,754.01. This amount is actually related to 195 companies or individuals due to the fact that the majority of the write offs spanned several years of charge periods.

2.10 It should be noted in this category two of the debts written off totalled £157,146.56 these were cases where car boot sale companies had a dramatic increase in their rateable values which meant the companies could not pay their rates and subsequently placed themselves in voluntary liquidations. Claims have been made to the Insolvency Service, but are unlikely to realise any dividend.

Penalty Charge Notices

2.11 The table below shows the breakdown of Penalty Charge Notices that were written off on a quarterly basis for 2018/19:

PCNs 17/18	Number	Amount £
Quarter One	7	350
Quarter Two	9	483
Quarter Three	10	665
Quarter Four	25	1643
Total	51	3141

3 Corporate Implications

3.1 Financial – There is a financial impact on the Council when debts are not recovered, however provision is made in the accounts to accommodate the writing off of bad debts.

4 Links to Council Policy Objectives

4.1 This links to the following objective- Delivering cost effect, customer focused services

5 Next Step

5.1 Members are asked to note the write offs for the 2018/2019 financial year.

Background Papers:	None
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