



**DEMOCRATIC AND ELECTORAL SERVICES**

Dealt with by:	Democratic Services	Switchboard:	01895 837200
Your Ref:		Fax:	01895 837277
My Ref:		e-mail:	democraticservices@southbucks.gov.uk
Date:	2 September 2015	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, 10TH SEPTEMBER, 2015**  
TIME: **6.00 PM**  
VENUE: **ROOMS 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 Anthony  
Mr Chhokar  
Mr Hogan  
Mr Hollis  
Mrs Jordan  
Mr Sangster





## **Declarations of Interest**

Any Member attending the meeting is reminded of the requirement to declare if he/she has a personal interest in any item of business, as defined in the Code of Conduct. If that interest is a prejudicial interest as defined in the Code the Member should also withdraw from the meeting.

## **A G E N D A**

- |   | (Pages)          |
|---|------------------|
| 1. <b>Apologies for Absence</b>   |                  |
| 2. <b>Presentation by CCLA on their Property Investment Fund</b>  |                  |
| 3. <b>Minutes</b>   |                  |
| To receive the minutes of a meeting of the Policy Advisory Group held on 4 June 2015.   | <b>(1 - 4)</b>   |
| 4. <b>Reports from Members</b>  |                  |
| To consider any reports/updates from the Portfolio Holder or Members on Outside Bodies.   |                  |
| 5. <b>Current Issues</b>  |                  |
| The Portfolio Holder and Head of Service to update members on Part 1 current issues relating to the PAG and to receive feedback from members.   |                  |
| 6. <b>Reports Likely to Lead to Portfolio Holder making a Decision in Accordance with the Scheme of Delegation to Cabinet Members</b>   |                  |
| None  |                  |
| 7. <b>Reports Likely to Lead to the Portfolio Holder making a Recommendation to Cabinet</b>   |                  |
| (a) RISK BASED VERIFICATION FOR HOUSING BENEFIT /COUNCIL TAX SUPPORT  | <b>(5 - 10)</b>  |
| 8. <b>Items for Information</b>   |                  |
| (a) TREASURY MANAGEMENT QUARTERLY REPORT: QUARTER 1 2015/16   | <b>(11 - 14)</b> |
| 9. <b>Any other business</b>  |                  |
| To consider any other business the Chairman decides is urgent.  |                  |
| 10. <b>Exempt Information</b>   |                  |
| “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.” |                  |

11. **Current Issues**

The Portfolio Holder and Head of Service to update members on Part II current issues relating to the PAG and to receive feedback from members.

12. **Application for Hardship Relief**

To consider report of the Director of Resources. (15 - 18)

*Appendix* (19 - 22)

13. **Risk Based Verification for Housing Benefit/Council Tax Support**

Appendix A referred to in item 7a (23 - 28)

The next meeting of the PAG is due to take place on Thursday, 10 December 2015

## RESOURCES POLICY ADVISORY GROUP

### Meeting - 4 June 2015

Present: Mr Anthony (Chairman)  
Mr Hollis, Mrs Jordan and Mr Sangster

Also Present: Mr Harding and Mr Read

Apologies for absence: Mr Chhokar and Mr Hogan

#### 1. BRIEFING ON THE ROLE OF THE RESOURCES PAG

Members received a PowerPoint presentation on the role of the PAG and the services covered by the Resources Portfolio Holder. Members noted that a copy of the presentation would be made available in the Councillors Area on the extranet and hard copies of the slides were circulated at the meeting.

The presentation covered the following areas:

- Revenue, Benefits and Business Rates
- ICT
- Environment Unit – Asset Management
- Treasury Management

Members were given the opportunity to ask questions and make comments after each section.

The PAG agreed that it would be useful for them to take part in a joint training session with Chiltern District Council members on local authority investment before the PAG is due to consider the Council's Investment Strategy.

**RESOLVED** that the presentation be noted.

#### 2. MINUTES

The minutes of the meeting of the Policy Advisory Group (PAG) held on 5 March 2015 were received.

#### 3. REPORTS FROM MEMBERS

None.

#### 4. CURRENT ISSUES

There were no part I current issues to discuss.

#### 5. SUMMERS ROAD CAR PARK

The PAG received a report which sought Members views on a request received from Burnham Parish Council for the provision of one hour free parking at the Summers Road car park.

The PAG were advised that there was currently no free parking periods in the Council car parks, but that previous discussions had indicated that the Council may consider this if the loss of income was reimbursed. Appendix A set out the proposal from the Parish Council which had yet to be discussed/agreed by officers.

The PAG noted that any agreement from South Bucks District Council's point would need to have regard to the following:

- Cover all costs / loss of income
- Proceed year to year and reviewed every September with the following years likely costs agreed based upon free tickets issued
- Can be terminated by either party on giving 6 months' notice
- Lost income calculated every 3 months and the Parish invoiced accordingly
- Agreement to be by way of exchange of letters not a lease
- District Council free to review other charges, season tickets etc. but will consult with the Parish
- Parish Council to monitor and provide evidence of success or other wise of the scheme
- Users to obtain free ticket from car park machine to display in their vehicle

In the discussion which followed, the PAG indicated its support for the proposal that officers continue negotiations with the Parish Council based on the points listed above. The need to ensure that any administrative costs would also be covered in the agreement was emphasised.

The PAG noted that this issue was also due to be considered by the Environment PAG on 15 June and that a report would be submitted to Cabinet for the final decision following negotiations.

## 6. **TREASURY MANAGEMENT ANNUAL REPORT 2014/15**

The PAG considered a report setting out the Treasury Management performance of the Council for 2014/15.

The report, after providing a reminder of the new matrix for in house investments as approved by members as part of the Treasury Management Strategy, set out:

- A summary of movements in the year;
- A summary of the Council's fixed deposits as at 31 March 2015;
- The Council's corporate bonds held at the end of March 2015
- A comparison between the actual and budgeted interest returns for 2014/15.

On investment returns the PAG noted there had been an underachievement of £163,000 from the budget during 2014/15 which was in line with the £170,000 declared in the February budget monitoring report - this was a result of the current very low interest rate environment. Taking into account the low interest rate environment, the investment income figure for 2015/16 had been set at £400,000.

**RESOLVED** that the investment performance for 2014/15 be noted.

## 7. **ANY OTHER BUSINESS**

None.

8. **EXEMPT INFORMATION**

“That under Section 100(A)(4) of the Local Government Act 1972 the 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.”

9. **MINUTES**

The minutes of the Part II minutes held on 5 March 2015 were received.

10. **CURRENT ISSUES**

The PAG received a briefing note on proposals for moving towards a single network infrastructure and noted that a report would be submitted to Cabinet for consideration on 7 July 2015.

The meeting terminated at 7.00 pm

This page is intentionally left blank



<b>SUBJECT:</b>	Risk Based Verification Policy
<b>REPORT OF:</b>	Portfolio holder for Resources – Councillor David Anthony
<b>RESPONSIBLE OFFICER</b>	Nicola Ellis – Head of Customer Services
<b>REPORT AUTHOR</b>	Nicola Ellis – Head of Customer Services <a href="mailto:Nicola.ellis@southbucks.gov.uk">Nicola.ellis@southbucks.gov.uk</a>
<b>WARD/S AFFECTED</b>	All

### **1. Purpose of Report**

To approve the policy for Risk Based Verification to be used for the assessment of Housing Benefit and Council Tax Support.

### **RECOMMENDATION**

That the Risk Based Verification Policy shown at exempt Appendix A be approved subject to consideration and sign off by the Audit Committee on 24 September 2015.

### **2. Reasons for Recommendation**

- 2.1 If the policy is approved, assessment of claims for Housing Benefit and Council Tax Support can be assessed using the new process. This will improve processing times and allow more focus to be given to claims which may contain fraud and error.

### **3. Background**

- 3.1 Housing Benefit regulations require local authorities to obtain information which allows an accurate assessment of a claimant's entitlement to benefit to be made. However with the exception of a national insurance number and proof of identity, they do not specify what evidence is required in support of the claim. Consequently over the years, quality checking and fraud detection have led to a complex and burdensome process of verification.
- 3.2 In 2011, the Department for Work and Pensions allowed a limited number of Council's to pilot a different type of scheme to try to reduce fraud and error, based on Risk Based Verification principles. The success of the pilots resulted in the Department extending the approach to all other local authorities on a voluntary basis. The benefits service at South Bucks District Council is now looking to introduce Risk Based Verification.

### **4. Risk Based Verification (RBV)**

- 
- 4.1 Risk Based Verification is a method of applying different levels of checks to new Housing Benefit and Council Tax Support claims according to the risk associated with those claims. RBV has been used by the Department for Work and Pensions for a number of years and has been introduced in around 120 local authorities (figure as at early 2015).
- 4.2 In adopting RBV there is still the obligation to obtain all the facts and make an accurate assessment but there is not the need to gather full documentary evidence in all cases.
- 4.3 Claims are assessed prior to payment and put into one of three categories – **Low Risk, Medium Risk or High Risk** and this determines the requirement to gather proof. The risk category is determined by software using statistical information and experience gathered over many years about what type of claims represents what type of risk.
- 4.4 **Low Risk** – It is anticipated that around 52% of all new claims will be deemed to be low risk. Low risk claims will normally be paid based on the information provided on the claim form.

These claims are more likely to be non-working claimants with low capital, lower Council Tax Band and living in Housing Association property. Mostly receiving Jobseekers Allowance, Income Support or Employment Support Allowance

**Medium Risk** - Around 27% of claims will be deemed to be medium risk. Additional information and evidence will normally be required for this group of claims.

These claims are typically couples aged 45-64 with children aged up to 10, working and with capital over £6,000. Mostly they are not receiving DWP passporting benefits.

**High Risk** – The remaining 21% of claims will be deemed to be high risk. As well as a full verification check, additional checks will also be carried out on this type of claim. This may involve telephone checks, visits, credit reference agency checks etc.

These claims are typically couples aged 35-54. Many not working or working part time with some 'other' income. A large number would have over £6,000 in capital. Mostly they are not receiving passporting benefits and are claiming Council Tax Support or Housing Benefit and Council Tax Support with a bias to having a previous claim.

\*Note – the descriptions of typical risk group type are very generalised and for illustrative purposes only

Once the category is identified, individual claims cannot be downgraded by an assessor to a lower risk group. They can however, exceptionally be upgraded with the approval of a senior officer if the assessor has reasons to

think this is appropriate. All cases which are upgraded will be recorded along with the reasons for doing so.

- 4.5 Claimants in each risk group will be required to provide differing levels of information and documentation before their claim can be processed. The table within the policy at Appendix A shows the requirements in more detail.
- 4.6 The Council's current caseload for Housing Benefit and Council Tax Support is shown below with an estimate of the numbers in each risk group.

Current Caseload	Estimated Low Risk	Estimated Medium Risk	Estimated High Risk
3250	1690	878	682

## **5. Benefits of the introduction of Risk Based Verification**

- 5.1 The introduction of Risk Based Verification provides the following benefits to customers and the Council.
- Improved claim processing times, especially for those claims assessed as low risk
  - More focused customer contact
  - Reduction in both incoming and outgoing post and associated scanning and indexing
  - Improved opportunities to identify fraud and error.

## **6. Monitoring and Performance Reporting**

- 6.1 The supplier of the IT solution will automatically select 5% of cases that will be deemed to be a 'blind sample'. This blind sample will, without the knowledge of the assessor present this randomly selected group of claims as having a higher level of risk than that calculated by the risk model itself.
- 6.2 Our supplier will provide monthly performance reports so that we can ensure the effectiveness of the approach. The report will include the percentage of cases presented in each risk category and the levels of fraud and error detected in each. The report will also outline how much fraud and error has been detected in blind sample cases.
- 6.3 Client side monitoring of the contract will also ensure that all staff follow the Risk Based Verification procedures to ensure that the policy is suitably adhered to.
- 6.4 The Council's external auditors, Ernst and Young, have been consulted on the implementation of Risk Based Verification and will carry out their duties against the terms of the policy and, provided cases have been assessed correctly against the requirements of this policy, this shall meet audit requirements.

- 6.5 The RBV policy will be reviewed annually and any changes will be referred to the Audit Committee for approval. In accordance with DWP guidance changes to the policy will not be made in-year as this would complicate the audit process.

## **7. Options considered**

- 7.1 The only alternative option was to leave the method of assessment as it is currently.

## **8. Corporate Implications**

### **8.1 Financial**

- There are no major financial implications arising from the introduction of RBV. The cost of implementation including upfront software costs and licences are being met by Northgate.
- Although the South Bucks benefits service is currently contracted out at a fixed cost there will also be small financial benefits realised by the Council through reductions in the use of associated services.
- The introduction of Risk Based Verification is likely to reduce the level of overpayments made and in turn the action required to recover.

### **8.2 Legal**

- Regulation 86 of the Housing Benefit Regulations 2006 states;  
  
‘a person who makes a claim, or a person to whom housing benefit has been awarded, shall furnish such certificates, documents, information and evidence in connection with the claim or the award, or any question arising out of the claim or the award, as may reasonably be required by the relevant authority in order to determine that person’s entitlement to, or continuing entitlement to housing benefit and shall do so within one month of being required to do so or such longer period as the relevant authority may consider reasonable.’
- Whilst adopting a Risk Based Verification policy is not a legal requirement it complies with the recommendations from the Department for Work and Pensions (DWP) outlined in the Housing Benefit and Council Tax Benefit Circular HB/CTB S11/2011.

### **8.3 Equalities**

- The Policy applies equally to all claimants, therefore no equalities issues arise.

**9 Links to Council Policy Objectives**

- 9.1 The introduction of Risk Based Verification works towards the Councils objective of providing great value services with more efficient ways of working.

**10 Next Steps**

- 10.1 If the policy is approved all new claims will be assessed using Risk Based Verification with effect from 1 October 2015.

<b>Background Papers:</b>	DWP Circular S11/2011
---------------------------	-----------------------

This page is intentionally left blank

<b>SUBJECT:</b>	<i>Treasury Management – Quarterly Report Quarter 1 2015/16</i>
<b>REPORT OF:</b>	<i>Jim Burness, Director of Resources</i>
<b>RESPONSIBLE OFFICER</b>	<i>Helen O'Keeffe, Principal Accountant</i>
<b>REPORT AUTHOR</b>	<i>Helen O'Keeffe, <a href="mailto:hokeeffe@chiltern.gov.uk">hokeeffe@chiltern.gov.uk</a> 01494 732781</i>
<b>WARD/S AFFECTED</b>	<i>All</i>

## 1. Purpose of Report

- 1.1 To report on the Treasury Management operation of the Council for April – June 2015.

### RECOMMENDATION

**Members are requested to note the Treasury Management performance for 2015/16.**

## 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 June 2015

- 3.1 As a debt free authority the treasury management activities of the Council are exclusively concerned with the investment of its reserves, as the Council does not undertake any borrowing.
- 3.2 There were no changes in the base rate in the quarter, with the rate having remained at 0.5% since March 2009.
- 3.3 The total of loans outstanding at the end of the quarter was £17,000,000 detailed in the table below.

**South Bucks District Council  
Resources Policy Advisory Group**

10 September 2015

UK Institutions	Fitch Credit Rating	Principal £	Interest Rate	Invested	Matures
Royal Bank of Scotland	BBB+				
Fixed Deposit		2,000,000	0.91% then 3 mth LIBOR	09/02/15	09/02/18
Fixed Deposit		3,000,000	1.31% then 3 mth LIBOR	09/02/15	09/02/20
Instant Access		2,000,000	0.30%		
Lloyds Banking Group	A+				
Fixed Deposit		1,000,000	1.00%	26/01/15	26/01/16
Fixed Deposit		1,000,000	1.00%	23/01/15	25/01/16
Fixed Deposit		1,000,000	1.00%	12/05/15	12/05/16
Fixed Deposit		1,000,000	1.00%	19/05/15	19/05/16
Nationwide Building Society	A				
Fixed Deposit		1,000,000	0.90%	26/01/15	26/01/16
Santander	A				
Fixed Deposit		1,000,000	0.85%	11/02/15	11/11/15
Fixed Deposit		1,000,000	1.00%	02/06/15	02/06/16
Close Brothers	A				
Fixed Deposit		1,000,000	1.70%	22/08/14	22/02/16
Fixed Deposit		1,000,000	1.30%	13/10/14	13/10/15
Fixed Deposit		1,000,000	1.70%	05/09/14	07/03/16
<b>Total Deposits</b>		<b>17,000,000</b>			

- 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 £11.665m was held in an instant access account.
- 3.5 The following corporate bonds were held at the end of the June 2015 (the latest valuation was as at 31 March 2015):

Bond held	Valuation £	Coupon Interest Rate	Effective Interest Rate	Maturity date
UK Gilt (a)	57,894	8.00%	4.86%	07/12/15
UK Gilt (b)	69,473	8.00%	4.64%	07/12/15
UK Treasury (a)	54,088	8.75%	4.59%	25/08/17
UK Treasury (b)	67,309	8.75%	4.54%	25/08/17
Asif II (a)	104,806	6.38%	5.49%	05/10/20
Asif II (b)	34,524	6.38%	5.33%	05/10/20
Asif II (c)	55,486	6.38%	6.41%	05/10/20
UK Treasury	196,641	8.00%	4.77%	07/06/21
Atlantia SPA (a)	71,337	6.25%	5.65%	09/06/22
Atlantia SPA (b)	112,637	6.25%	5.55%	09/06/22
National Grid (a)	193,928	5.88%	5.91%	02/02/24
National Grid (b)	82,743	5.88%	5.71%	02/02/24
UK Treasury	71,213	6.00%	4.76%	07/12/28



**South Bucks District Council  
Resources Policy Advisory Group**

**10 September 2015**

<b>Total</b>	<b>1,172,079</b>			
--------------	------------------	--	--	--

- 3.6 Capita Asset Services Treasury is engaged by the Council as its Treasury Management consultants providing advice on investment, performance and regulations where necessary.
- 3.7 As part of the continuing programme of Member development there is a briefing session to be held on 30th September covering Treasury Management and Investments, to be undertaken by Capita Asset Services.

The session will cover

- The Code of Practice that governs Treasury Management activities for local authorities
  - The broad economic environment which is shaping interest rates in the coming years
  - The key issues for the Council to consider for treasury management
- 3.8 In addition there will be a presentation to Members by CCLA on 10<sup>th</sup> September regarding the Local Authorities Property Fund, looking at options to increase returns at acceptable risk.

**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 2015/16 to date are as follows:
- 4.2 Interest rate exposures

The interest rate exposure on investments has moved as follows:

<b>Date</b>	<b>Investments as a % of total</b>	
	<b>Fixed</b>	<b>Variable</b>
31/03/15	80%	20%
30/06/15	89%	11%

This Prudential Indicator sets an upper limit on fixed interest rate exposures of 100% and variable interest rate exposures of 54% 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 £15m. As at the end of June the figures are as follows:

<b>Date</b>	<b>Total investments (excluding</b>	<b>Sums invested for greater than 364 days</b>	<b>% of total investments</b>

**South Bucks District Council  
Resources Policy Advisory Group**

**10 September 2015**

	<b>bonds)</b>		
31/03/15	£20m	£8m	40%
30/06/15	£17m	£8m	47%

Sums invested have been managed within the set limit, and 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 2015/16 has been set at £400,000. Interest earned in the first quarter is £110,000.

<b>Background</b>	None
<b>Papers:</b>	

Document is Restricted

This page is intentionally left blank

Document is Restricted

This page is intentionally left blank

Document is Restricted

This page is intentionally left blank



By virtue of paragraph(s) 7 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank