



Resources Policy Advisory Group

Thursday, 6 December 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 - 6*)

To approve the minutes of the Resources PAG held on 25 September 2018.

4. Declarations of Interest

5. Portfolio Budgets 2019/20 (*Pages 7 - 12*)

Appendix: Resources Portfolio 2019/20 Budget Proposals (Pages 13 - 40)

6. Treasury Management - Quarterly Report Quarter 2 2018/19 (*Pages 41 - 44*)

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To resolve that under Section 100(A)(4) of the Local Government Act 1972 the following item(s) of business is not for publication to the press or public on the grounds that it involves the likely disclosure of exempt information as defined in Part 1 of Schedule 12A to the Act.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

Date of next meeting – Tuesday, 12 February 2019

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RESOURCES POLICY ADVISORY GROUP**Meeting - 25 September 2018**

Present: B Gibbs (Chairman)
R Bagge, S Chhokar, D Dhillon, J Jordan and P Kelly

44. APOLOGIES FOR ABSENCE

There were no apologies for absence.

45. MINUTES

The minutes of the Resources PAG held on 13 June were approved.

46. DECLARATIONS OF INTEREST

There were no declarations of interest.

47. GERRARDS CROSS CAR PARK

Members received a report which contained the final business case for the provision of additional parking in Station Road, Gerrards Cross and sought Member approval to progress the project. The PAG was advised that planning permission was issued by the Planning Committee on 17 August 2018 subject to 14 conditions, 3 of which had to be discharged prior to commencement. It was possible that construction could commence during 2019, however, this would result in the car park being closed over the 2019 Christmas period. The Business Case had therefore been based on the 'worst case' construction period of January to December 2020.

It was explained that the main factor behind the project was to meet parking need, with the business case exploring affordability. In the initial years the scheme would not generate extra net income for the Council as the extra income (£413k) was not sufficient to cover the cost of the loan (£555k). As the Council could take a long term view to meet the parking need, the business case demonstrated that the scheme would be affordable over the 40 year period. The PAG was advised that the business case was based on estimates and it could not be guaranteed how many people would use the car park and / or purchase season tickets however the business case was based on an initial daily charge of £6 which was less than the Chiltern Railways car park.

During discussion the following was discussed:

- Occupancy rate
- Percentage of increase in tariffs.
- The possibility of extension of the Gerrards Cross Station car park.
- Possible on street parking during the construction period.
- Provision of funds for ongoing maintenance.

Further during the discussion it was stated that the Mayor of Gerrards Cross had attended the Planning Committee and had spoken on behalf of residents in favour of the application to build. At the end of the discussion three of the members present expressed support for the recommendations and two expressed concern over the assumptions of usage and consequently whether this scheme was a good use of taxpayers' money.

Having considered the advice of the Policy Advisory Group, the Portfolio Holder agreed to **RECOMMEND** to Cabinet:

1. To approve the final business case for the project.
2. To note that the construction period will be January-December 2020 unless agreement can be reached to allow the car park to be closed over the 2019 Christmas trading period.
3. To recommend to Council that the Capital Programme for the Station Road Car Park be amended to the following:

2019/20	£5,000,000
2020/21	£8,051,000
4. That the Head of Environment be authorised to conclude the delivery agreement between Balfour Beatty and the Council for the construction phase.
5. That the Head of Finance be authorised to carry out the necessary arrangements to obtain the loan finance.

Note 1: Councillor Chhokar left the meeting at 6.45 p.m.

48. **REDEVELOPMENT OF GERRARDS CROSS POLICE STATION**

Members received a report which contained the final business case for the design and construction of the redevelopment of Gerrards Cross Police Station scheme and sought Members approval to progress the project. Planning permission was issued on 17 August 2018 subject to 22 conditions, of which 10 had to be discharged prior to commencement. The redevelopment would be for 34 apartments, of which 20 would be private rent apartments and 14 affordable rent apartments to meet the 40% affordable housing requirement.

The current estimated cost was £8.3m as set out in section 6 of the report. Mitigation measures had been arranged to minimise the risk of: asbestos removal; ecology (bat); contamination; statutory services; planning conditions to discharge. The cost did not include project risks such as archaeology, ordinance, judicial review cost and de-contamination beyond the provisional sum allowance.

The Next steps were outlined in point 17.1 of the report with the ultimate completion and handover scheduled for 1 May 2020.

The PAG was advised that the business case estimated the development would break even in year 12 and start to turn a profit from there. Members agreed that this was an exciting project which would meet the Council's affordable housing aspiration and benefit residents.

It was clarified that a housing association would receive a management fee built in to the planned costs of approximately £60k and as part of that agreement the housing association would be responsible for any damage caused to properties.

Members queried the increase in cost prediction from June 2018. It was explained that the finalised figures included figures for dealing with the mitigation measures as noted above and a further contingency sum of £200k was included. It was added that a further asbestos survey would be completed to establish the extent and instruct removal measures. Thames Valley Police had agreed to pay up to £200k of any de-contamination costs.

The PAG was clear that overspend on the project should not occur unless absolutely unavoidable. The PAG was advised that once the agreement had been signed with the contractor the majority of risks then became their responsibility which would avoid unexpected cost increases to the Council.

Resources Policy Advisory Group- 25 September 2018

It was explained that as it was intended that the property would be held in order to make a financial return, the Council were required to do this via a company. It was therefore proposed to dispose of the development to Consilio Property Limited, a wholly owned company set up by SBDC, once it was completed.

Having considered the advice of the Policy Advisory Group, the Portfolio Holder agreed to **RECOMMEND** to Cabinet:

1. To approve the final business case for the project.
2. That Members note the total proposed spend of £8.331m, which will be funded from the current approved Capital Budget for this scheme.
3. That the Head of Environment be authorised to conclude the delivery agreement between Wilmot Dixon and the Council for the construction phase.
4. That the Head of Finance be authorised to carry out the necessary agreements to obtain the loan finance.
5. That the Head of Environment be authorised to negotiate and conclude any necessary agreements to allow the development to proceed through to completion and note that the Head of Environment has exercised his delegated authority to make an application to the Secretary of Transport for a stopping up order pursuant to Section 247 of the Town and Country Planning Act 1990.
6. That the Director of Resources be authorised to dispose of the development to Consilio (the Council's wholly owned subsidiary).

Note 2: Councillor Dhillon left the meeting at 7.01 p.m.

49. **TREASURY MANAGEMENT – QUARTERLY REPORT QUARTER 1 2018/19**

Members received a report on the Treasury Management operation of the Council for April to June 2018. The Director of Resources summarised the positions as set out in pages 23 to 26 of the reports pack.

It was **RESOLVED** that Members noted the Treasury Management performance for Quarter 1 2018/19.

50. **EXEMPT INFORMATION**

RESOLVED 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

51. **BAD DEBT WRITE OFF REQUEST**

Members received a confidential report which sought Cabinet approval to write off a homelessness B&B debt as detailed in the confidential report. Due to the amount of debt involved, Cabinet approval was required to write off the sum.

A Member advised that the maximum nightly cost that Slough Borough Council paid for B&B accommodation was £80 and that South Bucks District Council should be aware of this to avoid being overcharged should similar situations arise in the future.

Having considered the advice of the Policy Advisory Group, the Portfolio Holder agreed to **RECOMMEND** to Cabinet:

1. To authorise the write-off.

The meeting terminated at 7.10 pm

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SUBJECT:	Portfolio Budgets 2019/20
REPORT OF:	Councillor Barbara Gibbs – Resources Portfolio Holder
RESPONSIBLE OFFICER	Jim Burness – Director of Resources
REPORT AUTHOR	Jacqueline Ing – Accountancy Manager 01494 732292, jing@chiltern.gov.uk Rodney Fincham – Head of Finance Joanna Swift – Head of Legal & Democratic Services Chris Marchant – Head of Environment Nicola Ellis – Head of Customer Services
WARD/S AFFECTED	All

1. Purpose of Report

- 1.1. To provide Members with information on the draft revenue budget for 2019/20, including the context of the overall financial position facing the Council for the coming year.
- 1.2. This report provides summary information on the budgets and highlights issues for consideration. The accompanying booklet presents the detailed information to assist Members in their decision making.

RECOMMENDATION:

Members are requested to advise the Portfolio Holder on the approval of the following items for onward submission to Cabinet:

- the 2019/20 revenue budget
- the 2019/20 fees and charges

2. Context to the 2019/20 Budget

- 2.1. At the start of the process to set the 2019/20 budget and council tax it is helpful to be aware of the context within which we will be taking decisions over the coming months.
- 2.2. The most significant recent development is the announcement of the decision to create a unitary authority in Buckinghamshire from 2020/21. This does not affect the requirement on the Council to set a legal and prudent budget for 2019/20 that addresses the Council's aims and objectives. It will be necessary at a corporate level to make provision for the initial transition costs to the new unitary authority that will be incurred in 2019/20. This will be done when setting the final budget in February 2019 when there is more clarity around the transition process.

- 2.3. The Council's objectives that it continues to pursue are set out in the Council's Medium Term Financial Strategy. The key principles of the Strategy are.
- The matching of expenditure and income in the medium term.
 - Optimising the use of Council assets to deliver or help finance Council priorities.
 - Aligning new expenditure to key Council priorities and to continue to provide value for money.
 - Having in place sound financial processes to control and monitor expenditure.
 - Awareness of the financial risks facing the Authority and using this to inform the Authority's level of financial reserves.
- 2.4. The Medium Term Financial Strategy identifies a potential funding gap. There are known issues such as homelessness and potential changes to the New Homes Bonus grant that will increase this figure unless further cost reduction/income generation measures are taken.
- 2.5. In responding to the position the Council recognised that there is no one single solution to deal with these service and financial issues. The Council is currently tackling the issue by embarking on a number of key projects or programmes, principally:
- Increasing the supply of temporary accommodation available to the Council in order to contain and then reduce homelessness costs.
 - Developing new income streams by acquiring and managing residential properties, and appropriate commercial property investments, via a company (Consilio) wholly owned by the Council. It is envisaged that the company will take over and manage the residential properties developed on the Gerrards Cross former Police Station site.
 - Reduce its operational costs by transforming service delivery with Chiltern DC through the Customer Experience Strategy which is aiming to improve customer service and increase efficiency, and through improvements to the Planning Service.
- 2.6. If these projects and programmes are progressed as planned then the Council should be able to continue to balance its finances and avoid significant frontline service reductions in the coming year, and contribute to a stable financial starting point for the new unitary authority in 2020/21.
- 2.7. The draft budgets do not include any proposals to expand services that would increase the Council's cost base.

3. Budget Assumptions

- 3.1. The budgets have been prepared in accordance with the following inflation assumptions:
- Salaries inflation of 2%
 - Contracts inflation 2.8% (unless different rate specified within contract)
 - Business rates 2.8%
 - Gas 0%, Electricity 6.5% and Water 2.8%
 - Insurance 0%
 - Other 0%

4. Summary Revenue Budgets

- 4.1. The draft budgets presented to Members at this stage represent the net direct running costs of services. They do not contain the apportionment of support services such as accommodation, IT, finance etc. These will be included in the final approved budgets, once the budgets for these support services have been set. The budgets reflected in this report are therefore the direct costs under the Portfolio Holder's control.
- 4.2. The budgets have been reviewed by the appropriate service manager for any material volume changes or changes related to maintaining current service standards.
- 4.3. The net budget figures for the Portfolio are shown below. A more detailed breakdown by service is shown within the booklet.

Actuals 2017/18 £'000	Budget 2018/19 £'000	Draft Budget 2019/20 £'000
3,067	2,735	2,929

- 4.4. The increase from the current year's approved budget to the 2019/20 draft budget is £194k (7.1%). The main changes are detailed below:

	£'000	Comment
2018/19 Budget	2,735	
Change in Salaries		
- Provision for pay increase	23	
- Joint Property Services	25	New post added to establishment
- Other Salary Changes	8	
Inflation		
- On expenditure	10	
- Non Distributed Costs	29	Increase in contribution to fund historic deficit
Unavoidable Increases		
- Elections	70	Elections due May 2019
- Corporate Management	10	Additional credit card fees as now accepting payment of council tax by credit card
- NNDR (Capswood)	11	Reduction in transitional relief received
- Members Allowances	27	Increase in members allowances
- South Bucks Country Park	28	Increase in maintenance contract
Transfers		
- Insurance	62	Charges moved to central pot
- Joint Property Services	-20	Transfer to Customer Services
- Comm, Performance & Policy	-34	Transfer to Customer Services

	£'000	Comment
Savings		
- Capswood	-55	Increase in rental and service charge income by letting Capswood1 and savings in supplies & services
- Democratic & Electoral Services	-7	Additional grant expected
- Investment Property Rental Income	-14	Uplift in rents due to reviews
Other Changes		
- Joint Facilities Service	17	Reduction in recharge income
- Chief Executive	-11	Increased recharges to Crem and Consilio & reduction in costs
- Insurance	15	Increase in premium and broker fees
2019/20 Draft Budget	2,929	

4.5. Further details of the budgets for each area are shown within the booklet.

5. Commentary on Budgets

Main Elements of the Budget

5.1. The main elements of this budget are as follows.

- Investment Properties – rental income and expenditure relating to the Council's non-operational investment property portfolio, including the Beaconsfield offices and Stoke Place.
- Environment / Operational properties - includes the cost of the joint property and facilities teams, the cost of the main Council offices at Capswood.
- Exec & Support – the Chief Exec and Directors, and the joint HR and Comms teams.
- Corporate Management Costs – bank charges, external audit fees, and other corporate costs.
- Non Distributed Costs – Contribution to the historical pension fund deficit, and other historical pension costs.
- Finance and Internal Audit – Joint Finance team and contract with TIAA for internal audit services.
- Legal, Elections and Democratic Services – Joint Legal Team and dealing with local land charges, organising local and national elections, and member and committee services.

Budget Priorities

5.2. The Resources budget is essential to achieving all of the Council's objectives and priorities.

Risks

5.3. When considering the proposed budgets for the coming financial year it is important to be aware of the risks within the budgets. For this Portfolio the main risk areas are:

- For property leases there are risks if void levels are higher than budgeted.
- In line with most authorities there is a historical deficit on the pension scheme and the Authority is required to make this good over future years. The contribution to the deficit will be reviewed in the light of actuarial advice.

5.4 The actions taken to mitigate or monitor these risks are as follows.

- Budget monitoring and regular meetings with the Portfolio Holder.
- Monitor performance of the Pension Fund via the Pension Fund Committee. Annual monitoring of the deficit position as part of final accounts process. Assess implications of increasing contribution levels as part of financial planning.

5.5. An overall review of the main risk issues for the 2019/20 budget will be undertaken once Cabinet has agreed a proposed budget. This review and proposed actions to mitigate the risks will be part of the final report to the Cabinet on the budget in February.

Task & Finish Group

5.6. In response to the budget gaps highlighted by the MTFS, the Overview and Scrutiny Committee formed a Task and Finish group in order to identify actions that needed to be taken.

5.7. The following recommendations were made which have been considered when forming these budgets for 2019/20:

<u>Recommendation</u>	<u>Action Taken</u>
All non-statutory fees and charges should be reviewed annually, to ensure that they fully cover the Council's costs, and are in line with the average charge or higher from neighbouring authorities.	There are only limited fees in the Resources Portfolio Area.
The Council need to put forward a case to Government regarding the Non Domestic Rate tariff payments as part of the Fair Funding consultation.	No firm proposals have yet emerged from the fair funding review

<u>Recommendation</u>	<u>Action Taken</u>
As part of the budget process O&S Members undertake challenge/scrutiny sessions with Portfolio Holders on their draft budget proposals.	O&S members will be invited to the PAG meetings when the draft budgets are considered.
The T&F group supports the development of Consilio, subject to appropriate safeguards being put in place to oversee its operation such as supporting the employment of a part time investment professional, the need to take considered risks to increase returns and the need to take advantage of market opportunities.	The Council continues to support Consilio. However the recent Unitary announcement reduces the scope for a longer term view.

Opportunities and Plans for Improvement

5.8. The next phase of joint working is focused on transforming ways of working and will seek to improve efficiency and customer service.

6. Fees and Charges

6.1. The Budget Booklet also contains the list of proposed fees and charges which the Portfolio Holder is asked to consider and approve.

7. Links to Council Policy Objectives

7.1 One of the primary purposes of the Council’s budget process is to ensure that, as far as possible, resources are aligned to the corporate priorities of the Council and that any material risks are assessed.

8. Next Step

8.1 The Cabinet will consider the outcome of the PAG discussions at its February meeting when it will formulate a final draft of the overall 2019/20 budget for the Authority.

<p>Background</p> <p>Papers:</p>	None except as referred to in the report
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South Bucks
District Council

**RESOURCES PORTFOLIO
2019/20 BUDGET PROPOSALS**

**RESOURCES
POLICY ADVISORY GROUP
6th December 2018**

REVENUE SUMMARY - SBDC RESOURCES

2017/18 ACTUALS	Cost Code(s)	2018/19 BUDGET	2019/20 BUDGET	CHANGE
£		£	£	£'000
	<u>Shared Services</u>			
186,891	Facilities & Property FP**	215,218	237,267	22
189,649	Human Resources HR01	134,375	138,638	4
115,029	Comms, Policy & Performance CO01	155,047	117,222	(38)
387,407	Finance FI01	380,419	390,936	11
38,693	Internal Audit IA01	39,501	41,580	2
285,897	Legal LE01	236,607	235,095	(2)
204,121	Democratic & Electoral Services DS01	217,865	218,280	0
(28,781)	Local Land Charges LC01	(35,020)	(36,053)	(1)
	<u>SBDC Only Costs</u>			
713,924	Offices - Capswood 3430	391,710	361,210	(31)
282,965	Chief Executives 1251	266,448	262,410	(4)
115,676	Corporate Management Costs CM01	120,395	148,082	28
	Insurance IN01		61,440	61
625,586	Non Distributed Costs ND01	662,190	691,190	29
184,061	Members 2323,2324	194,860	220,850	26
818	Elections 2321		70,000	70
(6,083)	Police Crime Scrutiny Panel CS02	500	(1,130)	(2)
86,433	South Bucks Country Park 3496	30,170	58,315	28
	<u>Investment Properties</u>			
(76,098)	Offices - Beaconsfield 3432	(74,070)	(74,770)	(1)
(42,338)	Offices - Brindley House 3433	(29,460)	(32,350)	(3)
(128,714)	Stoke Place 3495	(124,520)	(128,620)	(4)
(43,232)	Misc Land / Property 3560,3295	(34,810)	(37,430)	(3)
1,106	Housing Dwellings 3634	5,870	5,840	(0)
(23,022)	Caravan Site 3635	(17,500)	(20,000)	(3)
(3,003)	Police Site 3434	(1,200)	700	2
3,066,985	Net Running Expenses	2,734,594	2,928,702	194

SBDC RESOURCES PORTFOLIO

2017/18 ACTUALS	CIPFA CLASSIFICATION	2018/19 BUDGET	2019/20 BUDGET
£		£	£
2,090,780	Direct Employee Expenses	1,853,470	1,919,300
172,641	Indirect Employee Expenses	152,990	165,440
741,558	Premises Related Expenses	524,010	592,385
7,549	Transport Related Costs	5,880	7,880
604,044	Supplies & Services	510,720	628,930
1,048,443	Recharge from CDC	1,045,627	1,041,550
256,072	Third Party Payments Transfer Payments	174,210	191,950
4,921,088	Running Expenses	4,266,907	4,547,435
(657,207)	Fees & Charges and Other Income	(591,570)	(658,490)
(368,578)	Grant Income	(69,840)	(77,060)
(650,713)	Cost Share - CDC	(788,303)	(802,823)
(5,000)	Recharge to Crem	(5,000)	(12,000)
	Recharge to Trust		
(104,245)	Funded from Earmarked Reserves	(9,240)	
(68,360)	Recharge to Capital	(68,360)	(68,360)
3,066,985	Net Running Expenses	2,734,594	2,928,702
309,485	Depreciation	264,660	266,120
1,368,259	Support Recharges In	1,480,844	
324,924	Office Recharge	287,228	
(2,786,405)	Support Recharges Out	(2,749,954)	
2,283,248	Net Expenditure	2,017,372	3,194,822

2017/18 ACTUALS	Joint Facilities & Property	2018/19 BUDGET	2019/20 BUDGET
£	Direct Employee Expenses Indirect Employee Expenses Premises Related Expenses Transport Related Costs Supplies & Services	£	£
31,355	Recharge from CDC	283,578	305,627
222,947	Third Party Payments		
70,775	Transfer Payments		
325,077	Running Expenses	283,578	305,627
	Fees & Charges and Other Income		
	Grant Income		
	Recharge to Crem		
	Recharge to Trust		
(69,826)	Funded from Earmarked Reserves		
(68,360)	Recharge to Capital	(68,360)	(68,360)
186,891	Net Running Expenses	215,218	237,267
186,891	Cost Share - CDC	215,218	237,267
	Cost Share - SBDC		

This cost centre contains the cost of running the joint Property & Facilities section. CDC is the accounting authority and thus the net recharge to SBDC is shown here.

Cost Share: Respective cost share split between CDC and SBDC is 58%/42%

2017/18 ACTUALS	Joint Human Resources	2018/19 BUDGET	2019/20 BUDGET
£		£	£
13,076	Direct Employee Expenses		
	Indirect Employee Expenses		
	Premises Related Expenses		
	Transport Related Costs		
13,044	Supplies & Services		
196,193	Recharge from CDC	143,615	138,638
	Third Party Payments		
	Transfer Payments		
222,313	Running Expenses	143,615	138,638
	Fees & Charges and Other Income		
	Grant Income		
	Recharge to Crem		
	Recharge to Trust		
(32,664)	Funded from Earmarked Reserves	(9,240)	
	Recharge to Capital		
189,649	Net Running Expenses	134,375	138,638
189,649	Cost Share - CDC	134,375	138,638
	Cost Share - SBDC		

This cost centre contains the cost of running the joint HR section.
CDC is the accounting authority and thus the net recharge to SBDC is shown here.

Cost Share: Respective cost share split between CDC and SBDC is 58%/42%

2017/18 ACTUALS	Joint Comms, Performance & Policy	2018/19 BUDGET	2019/20 BUDGET
£		£	£
115,029	Direct Employee Expenses Indirect Employee Expenses Premises Related Expenses Transport Related Costs Supplies & Services Recharge from CDC Third Party Payments Transfer Payments	155,047	117,222
115,029	Running Expenses Fees & Charges and Other Income Grant Income Recharge to Crem Recharge to Trust Funded from Earmarked Reserves Recharge to Capital	155,047	117,222
115,029	Net Running Expenses	155,047	117,222
115,029	Cost Share - CDC Cost Share - SBDC	155,047	117,222

This cost centre contains the cost of running the joint Comms section.
CDC is the accounting authority and thus the net recharge to SBDC is shown here.

Cost Share: Respective cost share split between CDC and SBDC is 58%/42%

2017/18 ACTUALS	Joint Finance	2018/19 BUDGET	2019/20 BUDGET
£		£	£
387,407	Direct Employee Expenses Indirect Employee Expenses Premises Related Expenses Transport Related Costs Supplies & Services Recharge from CDC Third Party Payments Transfer Payments	380,419	390,936
387,407	Running Expenses Fees & Charges and Other Income Grant Income Recharge to Crem Recharge to Trust Funded from Earmarked Reserves Recharge to Capital	380,419	390,936
387,407	Net Running Expenses	380,419	390,936
387,407	Cost Share - CDC Cost Share - SBDC	380,419	390,936

This cost centre contains the cost of running the joint Finance section.
CDC is the accounting authority and thus the net recharge to SBDC is shown here.

Cost Share: Respective cost share split between CDC and SBDC is 58%/42%

2017/18 ACTUALS	Joint Internal Audit	2018/19 BUDGET	2019/20 BUDGET
£	Direct Employee Expenses Indirect Employee Expenses Premises Related Expenses Transport Related Costs Supplies & Services	£	£
38,693	Recharge from CDC Third Party Payments Transfer Payments	39,501	41,580
38,693	Running Expenses Fees & Charges and Other Income Grant Income Recharge to Crem Recharge to Trust Funded from Earmarked Reserves Recharge to Capital	39,501	41,580
38,693	Net Running Expenses	39,501	41,580
38,693	Cost Share - CDC Cost Share - SBDC	39,501	41,580

This cost centre contains the cost of maintaining an internal audit function.

Recharge from CDC: This is the cost of the internal audit contract.

Cost Share: Respective cost share split between CDC and SBDC is 58%/42%

2017/18 ACTUALS	Joint Legal	2018/19 BUDGET	2019/20 BUDGET
£		£	£
549,585	Direct Employee Expenses	560,720	564,220
18,724	Indirect Employee Expenses	10,640	10,640
	Premises Related Expenses		
919	Transport Related Costs	1,000	1,000
51,005	Supplies & Services	36,490	29,390
	Recharge from CDC		
	Third Party Payments		
	Transfer Payments		
620,233	Running Expenses	608,850	605,250
(43,438)	Fees & Charges and Other Income	(40,000)	(40,000)
	Grant Income	(500)	(500)
(5,000)	Recharge to Crem	(5,000)	(5,000)
	Recharge to Trust		
	Funded from Earmarked Reserves		
	Recharge to Capital		
571,794	Net Running Expenses	563,350	559,750
285,897	Cost Share - CDC	326,743	324,655
285,897	Cost Share - SBDC	236,607	235,095

This cost centre contains the cost of running the Legal section.

Cost Share: Respective cost share split between CDC and SBDC is 58%/42%

Direct Emp Expenses: This is the cost of the joint legal team.
19/20 Budgeted FTE 8.97 (18/19 budgeted FTE 9.39).

Indirect Emp Expense: These are the costs of professional subscriptions together with training & development.

Transport: This budget is for mileage claims.

Supplies & Services: These costs mainly relate to printing & stationery and the purchase of essential legal publications.

Fees & Charges: Flexible legal resource funded from income / recharging others.

Cost Share: Respective cost share split between CDC and SBDC is 58%/42%

2017/18 ACTUALS	Joint Democratic & Electoral Services	2018/19 BUDGET	2019/20 BUDGET
£		£	£
315,982	Direct Employee Expenses	363,040	389,270
14,254	Indirect Employee Expenses	8,860	9,860
808	Premises Related Expenses		
1,770	Transport Related Costs	1,880	1,880
118,191	Supplies & Services	155,450	146,400
	Recharge from CDC		
178	Third Party Payments	2,400	2,400
	Transfer Payments		
451,183	Running Expenses	531,630	549,810
(885)	Fees & Charges and Other Income	(1,000)	(1,000)
(10,954)	Grant Income	(5,000)	(12,220)
	Recharge to Crem		
	Recharge to Trust		
	Funded from Earmarked Reserves		
	Recharge to Capital		
439,344	Net Running Expenses	525,630	536,590
235,223	Cost Share - CDC	307,765	318,310
204,121	Cost Share - SBDC	217,865	218,280

This cost centre is the joint service for Democratic and Electoral Services.

Direct Emp Expenses The cost of the Democratic and Electoral services team.
19/20 budgeted FTE 8.4 (18/19 Budgeted FTE 8.4).

Transport: This budget is for mileage claims.

Supplies & Services: This budget is for printing & stationery, postage, software licenses and other minor office costs.

Third Party Payments: This is the budget for the electronic electoral registration service.

Grant Income: Grant income is the Individual Electoral Registration Grant

Cost Share: Respective cost share split between CDC and SBDC is 58%/42%

2017/18 ACTUALS	Joint Local Land Charges	2018/19 BUDGET	2019/20 BUDGET
£		£	£
51,214	Direct Employee Expenses		
1,087	Indirect Employee Expenses		
	Premises Related Expenses		
186	Transport Related Costs		
40,339	Supplies & Services	890	
	Recharge from CDC	(35,910)	(36,053)
	Third Party Payments		
	Transfer Payments		
92,826	Running Expenses	(35,020)	(36,053)
(110,321)	Fees & Charges and Other Income		
(11,285)	Grant Income		
	Recharge to Crem		
	Recharge to Trust		
	Funded from Earmarked Reserves		
	Recharge to Capital		
(28,781)	Net Running Expenses	(35,020)	(36,053)
(28,781)	Cost Share - CDC		
	Cost Share - SBDC	(35,020)	(36,053)

This cost centre contains the cost of running the joint Land Charges section.
CDC is the accounting authority and thus the net recharge to SBDC is shown here.

Cost Share: Respective cost share split between CDC and SBDC is 58%/42%

2017/18 ACTUALS	Offices - Capswood	2018/19 BUDGET	2019/20 BUDGET
£	Direct Employee Expenses	£	£
	Indirect Employee Expenses		
575,155	Premises Related Expenses	483,860	554,910
	Transport Related Costs		
118,792	Supplies & Services	19,660	12,000
	Recharge from CDC		
72,545	Third Party Payments	88,810	79,050
	Transfer Payments		
766,492	Running Expenses	592,330	645,960
(52,568)	Fees & Charges and Other Income	(200,620)	(284,750)
	Grant Income		
	Recharge to Crem		
	Recharge to Trust		
	Funded from Earmarked Reserves		
	Recharge to Capital		
713,924	Net Running Expenses	391,710	361,210
713,924	Cost Share - CDC	391,710	361,210
	Cost Share - SBDC		

This cost centre contains the cost of renting and maintaining the Capswood offices.

Premises: These are the budgets for the service charge, security, electricity, rent, NNDR and insurance for the building that the Council is responsible for.

Supplies & Services: This includes the vending machines and other minor items of expenditure.

Income: This is the budget for the rental income.
19/20 included the letting of first floor of Capswood 1 and assumes ground floor leased for a full year

2017/18 ACTUALS	Chief Executives	2018/19 BUDGET	2019/20 BUDGET
£		£	£
310,422	Direct Employee Expenses	318,480	328,880
10,980	Indirect Employee Expenses	7,890	7,750
	Premises Related Expenses		
1,108	Transport Related Costs	1,500	1,200
5,776	Supplies & Services	9,150	4,260
88,175	Recharge from CDC	79,377	83,600
	Third Party Payments		
	Transfer Payments		
416,461	Running Expenses	416,397	425,690
(3,903)	Fees & Charges and Other Income	(4,000)	(5,000)
	Grant Income		
	Recharge to Crem		(7,000)
	Recharge to Trust		
	Funded from Earmarked Reserves		
	Recharge to Capital		
412,558	Net Running Expenses	412,397	413,690
129,593	Cost Share - CDC	145,950	151,280
282,965	Cost Share - SBDC	266,448	262,410

This cost centre contains the cost of running the Executive and Corporate Support section.

Direct Emp Expenses: There are the following staff in this section:

- Chief Executive - Joint Post
 - Director of Resources - Joint Post
 - PA to Chief Exec
 - PA to the Directors
- 19/20 budgeted FTE 4.0 (18/19 budgeted FTE 4.0).

Indirect Emp Expenses: These are the costs of health insurance together with training & development.

Transport: This budget is for mileage claims

Supplies & Services: These costs mainly relate to printing & stationery and other minor business expenses

Income: DBS fee income.

2017/18 ACTUALS	Corporate Management Costs	2018/19 BUDGET	2019/20 BUDGET
£		£	£
15,408	Direct Employee Expenses	14,500	14,790
309	Indirect Employee Expenses	500	500
	Premises Related Expenses		
	Transport Related Costs		
72,055	Supplies & Services	80,240	83,370
	Recharge from CDC		
55,784	Third Party Payments	58,000	58,000
	Transfer Payments		
143,556	Running Expenses	153,240	156,660
(27,879)	Fees & Charges and Other Income	(25,000)	
	Grant Income		
	Recharge to Crem		
	Recharge to Trust		
	Funded from Earmarked Reserves		
	Recharge to Capital		
115,676	Net Running Expenses	128,240	156,660
115,676	Cost Share - CDC	7,845	8,578
	Cost Share - SBDC	120,395	148,082

This cost centre contains those costs that are specified in the Accounting Code of Practice as 'Corporate Management Costs' which is defined as those activities and costs that provide the infrastructure that allows services to be provided, whether by the authority or not, and the information that is required for public accountability.

Direct Emp Expenses: This is the budget for standby allowances.

Indirect Emp Expenses: Long service awards

Supplies & Services:	Debt Collector Fees	500	500
	Bank Charges	20,000	20,000
	Credit Card Fees	33,000	43,000
	Subscriptions	12,500	12,250
	Insurances	2,470	
	FRC Preparers Levy	260	260
	Bad Debt Provision	4,000	
	Other	7,510	7,360
		<u>80,240</u>	<u>83,370</u>

Third Party Payments: This is the budget for external audit fees

2017/18 ACTUALS	Insurance	2018/19 BUDGET	2019/20 BUDGET
£	Direct Employee Expenses Indirect Employee Expenses Premises Related Expenses Transport Related Costs Supplies & Services Recharge from CDC Third Party Payments Transfer Payments	£	£
	Running Expenses Fees & Charges and Other Income Grant Income Recharge to Crem Recharge to Trust Funded from Earmarked Reserves Recharge to Capital		61,440
	Net Running Expenses		61,440
	Cost Share - CDC Cost Share - SBDC		61,440

General insurance costs have been removed from individual service areas and are being budgeted for seperately

2017/18 ACTUALS	Non Distributed Costs	2018/19 BUDGET	2019/20 BUDGET
£		£	£
516,123	Direct Employee Expenses	544,240	571,240
110,033	Indirect Employee Expenses	118,200	120,200
	Premises Related Expenses		
	Transport Related Costs		
	Supplies & Services		
	Recharge from CDC		
	Third Party Payments		
	Transfer Payments		
626,156	Running Expenses	662,440	691,440
(569)	Fees & Charges and Other Income	(250)	(250)
	Grant Income		
	Recharge to Crem		
	Recharge to Trust		
	Funded from Earmarked Reserves		
	Recharge to Capital		
625,586	Net Running Expenses	662,190	691,190
625,586	Cost Share - CDC	662,190	691,190
	Cost Share - SBDC		

This cost centre contains those costs that are specified in the Accounting Code of Practice as 'Non Distributed Costs' which is defined as those costs that do not relate to the provision of current services. Primarily these costs relate to any ongoing pension costs relating to retired employees.

Direct Emp Expenses: The annual contribution to the historical pension fund deficit.

Indirect Emp Expenses: These budgets are the ongoing payments to the Bucks County Council Pension Fund for added years pension payments and gratuity payments to a few ex employees who were not entitled to a pension.

Income: This is contributions from other authorities towards the gratuity payments.

2017/18 ACTUALS	Members	2018/19 BUDGET	2019/20 BUDGET
£		£	£
1,713	Direct Employee Expenses	1,800	1,800
3,925	Indirect Employee Expenses	4,000	4,000
	Premises Related Expenses		
2,753	Transport Related Costs	500	2,800
180,425	Supplies & Services	188,560	212,250
	Recharge from CDC		
	Third Party Payments		
	Transfer Payments		
188,815	Running Expenses	194,860	220,850
(2,998)	Fees & Charges and Other Income		
	Grant Income		
	Recharge to Crem		
	Recharge to Trust		
(1,755)	Funded from Earmarked Reserves		
	Recharge to Capital		
184,061	Net Running Expenses	194,860	220,850
184,061	Cost Share - CDC	194,860	220,850
	Cost Share - SBDC		

This cost centre contains the cost of Members' allowances and other Member related expenses.

Direct Emp Expenses This is the budget for the National Insurance payable on Members' allowances.

Indirect Emp Expenses: Member training budget.

Transport: This budget is for Member travel claims and the hire of vehicles.

Supplies & Services: This budget is for Members Allowances, and other minor business expenses.

2017/18 ACTUALS	Elections	2018/19 BUDGET	2019/20 BUDGET
£		£	£
281,999	Direct Employee Expenses		
255	Indirect Employee Expenses		
	Premises Related Expenses		
	Transport Related Costs		
563	Supplies & Services		70,000
	Recharge from CDC		
	Third Party Payments		
	Transfer Payments		
282,817	Running Expenses		70,000
	Fees & Charges and Other Income		
(281,999)	Grant Income		
	Recharge to Crem		
	Recharge to Trust		
	Funded from Earmarked Reserves		
	Recharge to Capital		
818	Net Running Expenses		70,000
818	Cost Share - CDC		
818	Cost Share - SBDC		70,000

This cost centre contains the direct costs of running elections.

2017/18 ACTUALS	Police Crime Scrutiny Panel	2018/19 BUDGET	2019/20 BUDGET
£		£	£
48,334	Direct Employee Expenses	50,690	49,100
	Indirect Employee Expenses	2,900	12,490
	Premises Related Expenses		
814	Transport Related Costs	1,000	1,000
9,108	Supplies & Services	10,250	620
	Recharge from CDC		
	Third Party Payments		
	Transfer Payments		
58,257	Running Expenses	64,840	63,210
	Fees & Charges and Other Income		
(64,340)	Grant Income	(64,340)	(64,340)
	Recharge to Crem		
	Recharge to Trust		
	Funded from Earmarked Reserves		
	Recharge to Capital		
(6,083)	Net Running Expenses	500	(1,130)
(6,083)	Cost Share - CDC	500	(1,130)
	Cost Share - SBDC		

This cost centre contains the cost of running the Polic Crime Security Panel

Direct Emp The Police Crime Scrutiny Panel Support officer.
Expenses:

Indirect Emp Training costs and conferences
Expenses:

Transport: This budget is for mileage claims.

Supplies & Venue catering and meeting costs.
Services:

Grant Income: Government grant for supporting the Police Crime Scrutiny Panel.

2017/18 ACTUALS	South Bucks Country Park	2018/19 BUDGET	2019/20 BUDGET
£		£	£
	Direct Employee Expenses		
	Indirect Employee Expenses		
29,398	Premises Related Expenses	5,170	5,815
	Transport Related Costs		
496	Supplies & Services		
	Recharge from CDC		
56,790	Third Party Payments	25,000	52,500
	Transfer Payments		
86,683	Running Expenses	30,170	58,315
(250)	Fees & Charges and Other Income		
	Grant Income		
	Recharge to Crem		
	Recharge to Trust		
	Funded from Earmarked Reserves		
	Recharge to Capital		
86,433	Net Running Expenses	30,170	58,315
86,433	Cost Share - CDC	30,170	58,315
	Cost Share - SBDC		

This cost centre contained the cost of running the Academy site.
The golf course is now closed and is to be redeveloped as a Country Park

Premises: NDR costs and premises insurance

Third Party Payments: This budget is for ongoing maintenance costs.

2017/18 ACTUALS	Offices - Beaconsfield	2018/19 BUDGET	2019/20 BUDGET
£		£	£
3,903	Direct Employee Expenses Indirect Employee Expenses Premises Related Expenses Transport Related Costs	3,680	3,460
172	Supplies & Services Recharge from CDC Third Party Payments Transfer Payments	480	
4,075	Running Expenses	4,160	3,460
(80,173)	Fees & Charges and Other Income Grant Income Recharge to Crem Recharge to Trust Funded from Earmarked Reserves Recharge to Capital	(78,230)	(78,230)
(76,098)	Net Running Expenses	(74,070)	(74,770)
(76,098)	Cost Share - CDC Cost Share - SBDC	(74,070)	(74,770)

This cost centre contains the income from the offices at Beaconsfield.

Premises: This budget is mainly for premises insurance.

Income: This is the income for the letting of the offices.

2017/18 ACTUALS	Offices - Brindley House	2018/19 BUDGET	2019/20 BUDGET
£	Direct Employee Expenses	£	£
	Indirect Employee Expenses		
73,811	Premises Related Expenses	2,870	2,730
	Transport Related Costs		
(41,106)	Supplies & Services		
	Recharge from CDC		
	Third Party Payments		
	Transfer Payments		
32,705	Running Expenses	2,870	2,730
(75,043)	Fees & Charges and Other Income	(32,330)	(35,080)
	Grant Income		
	Recharge to Crem		
	Recharge to Trust		
	Funded from Earmarked Reserves		
	Recharge to Capital		
(42,338)	Net Running Expenses	(29,460)	(32,350)
(42,338)	Cost Share - CDC	(29,460)	(32,350)
	Cost Share - SBDC		

This cost centre contains the income from the offices at Brindley House.

Premises: This is for repairs & maintenance and insurance.

Income: Rental income.

2017/18 ACTUALS	Stoke Place	2018/19 BUDGET	2019/20 BUDGET
£		£	£
15,112	Direct Employee Expenses Indirect Employee Expenses Premises Related Expenses Transport Related Costs	16,240	18,420
115	Supplies & Services Recharge from CDC Third Party Payments Transfer Payments	320	
15,227	Running Expenses	16,560	18,420
(143,940)	Fees & Charges and Other Income Grant Income Recharge to Crem Recharge to Trust Funded from Earmarked Reserves Recharge to Capital	(141,080)	(147,040)
(128,714)	Net Running Expenses	(124,520)	(128,620)
(128,714)	Cost Share - CDC Cost Share - SBDC	(124,520)	(128,620)

This cost centre contains the income from Stoke Place.

Premises: This is for repairs & maintenance and insurance.

Income: This budget is mainly the Stoke Place rental income and the recharge of insurance premiums.

2017/18 ACTUALS	Misc Land / Property	2018/19 BUDGET	2019/20 BUDGET
£		£	£
3,846	Direct Employee Expenses Indirect Employee Expenses Premises Related Expenses Transport Related Costs	1,590	1,850
1,670	Supplies & Services Recharge from CDC Third Party Payments Transfer Payments		
5,516	Running Expenses	1,590	1,850
(48,748)	Fees & Charges and Other Income Grant Income Recharge to Crem Recharge to Trust Funded from Earmarked Reserves Recharge to Capital	(36,400)	(39,280)
(43,232)	Net Running Expenses	(34,810)	(37,430)
(43,232)	Cost Share - CDC Cost Share - SBDC	(34,810)	(37,430)

This cost centre contains the costs relating to the other Council land / property.

Premises: This budget is for premises insurance.

Income: This is rental income from these assets.

2017/18 ACTUALS	Housing Dwellings	2018/19 BUDGET	2019/20 BUDGET
£		£	£
	Direct Employee Expenses		
	Indirect Employee Expenses		
6,140	Premises Related Expenses	4,800	4,700
	Transport Related Costs		
2,033	Supplies & Services	9,030	9,000
	Recharge from CDC		
	Third Party Payments		
	Transfer Payments		
8,173	Running Expenses	13,830	13,700
(7,067)	Fees & Charges and Other Income	(7,960)	(7,860)
	Grant Income		
	Recharge to Crem		
	Recharge to Trust		
	Funded from Earmarked Reserves		
	Recharge to Capital		
1,106	Net Running Expenses	5,870	5,840
1,106	Cost Share - CDC		
	Cost Share - SBDC	5,870	5,840

This cost centre contains costs and income relating to a few housing properties.

Premises: This budget is for the leaseback of properties at Holtspur, plus minor repairs.

Supplies & Services: This budget is for service charges.

Income: The income is mainly from the leaseback of the properties at Holtspur but also includes wayleaves and other minor income.

2017/18 ACTUALS	Caravan Site	2018/19 BUDGET	2019/20 BUDGET
£	Direct Employee Expenses Indirect Employee Expenses Premises Related Expenses Transport Related Costs Supplies & Services Recharge from CDC Third Party Payments Transfer Payments	£	£
(23,022)	Running Expenses Fees & Charges and Other Income Grant Income Recharge to Crem Recharge to Trust Funded from Earmarked Reserves Recharge to Capital	(17,500)	(20,000)
(23,022)	Net Running Expenses	(17,500)	(20,000)
(23,022)	Cost Share - CDC Cost Share - SBDC	(17,500)	(20,000)

This cost centre contains the income from the rent of the caravan site.

Income: This is the rental income from the land at Wyatts Covert which is rented by the Cavaran Club.

2017/18 ACTUALS	Police Site	2018/19 BUDGET	2019/20 BUDGET
£		£	£
33,385	Direct Employee Expenses Indirect Employee Expenses Premises Related Expenses Transport Related Costs	5,800	500
12	Supplies & Services Recharge from CDC Third Party Payments Transfer Payments	200	200
33,397	Running Expenses	6,000	700
(36,400)	Fees & Charges and Other Income Grant Income Recharge to Crem Recharge to Trust Funded from Earmarked Reserves Recharge to Capital	(7,200)	
(3,003)	Net Running Expenses	(1,200)	700
(3,003)	Cost Share - CDC Cost Share - SBDC	(1,200)	700

This cost centre relates to the Police site which is being redeveloped.

RESOURCES PORTFOLIO
REVISED CHARGES FROM 1 APRIL 2019

VAT Codes:
Chiltern (D45)=inclusive standard rated (D40)=plus standard rated (D08)=zero rated (D04)=outside
South Bucks (1a)=inclusive standard rated (1b)=plus standard rated (2)=zero rated (3)=outside scope, (4)

MISCELLANEOUS	2018/19	2019/20
	£	£

Permission for works at Council property or related matters	Variable hourly rate appropriate for officer	Variable hourly rate appropriate for officer
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SECTION 106 AGREEMENTS	General ledger code		2018/19	2019/20
	Chiltern	South Bucks	£	£

Deed of Variations	LE01/C956 (1b)	LE01/S956 (1b)	Fee subject to review	Fee subject to review
New Agreements - individual properties/householder applications	LE01/C956 (1b)	LE01/S956 (1b)	Fee subject to review	Fee subject to review
- others i.e. affordable housing/landscape managem	LE01/C956 (1b)	LE01/S956 (1b)	variable hourly rate based on actual time (min £800 plus VAT)	variable hourly rate based on actual time (min £800 plus VAT)

For Information Environment Pag in January 2007 agreed these charges should be delegated to the Head of Legal &

LAND CHARGES	General ledger code		2018/19	2019/20
	Chiltern	South Bucks	£	£

Form LLC1	LC01/C945 (D04)	LC01/S945 (3)	20.00	
Con29R – Required Enquiries	LC01/C944 (D45)	LC01/S944 (1a)	65.50	
Total LLC1 & CON29R	LC01/C944 (D45)	LC01/S944 (1a)	85.50	
CON 290 Enquiries – Each Optional Enquiry	LC01/C944 (D45)	LC01/S944 (1a)	15.00	
Additional Enquiries (Solicitors own questions)	LC01/C944 (D45)	LC01/S944 (1a)	15.00	
Additional Parcels of Land:				
Form LLC1	LC01/C945 (D04)	LC01/S945 (3)	5.00	
Form CON29R	LC01/C944 (D45)	LC01/S944 (1a)	10.00	

SUBJECT:	<i>Treasury Management – Quarterly Report Quarter 2 2018/19</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 July – September 2018.

The PAG is asked to note the following recommendation:

RECOMMENDATION

Members are requested to note the Treasury Management performance for Quarter 2 2018/19.

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 September 2018

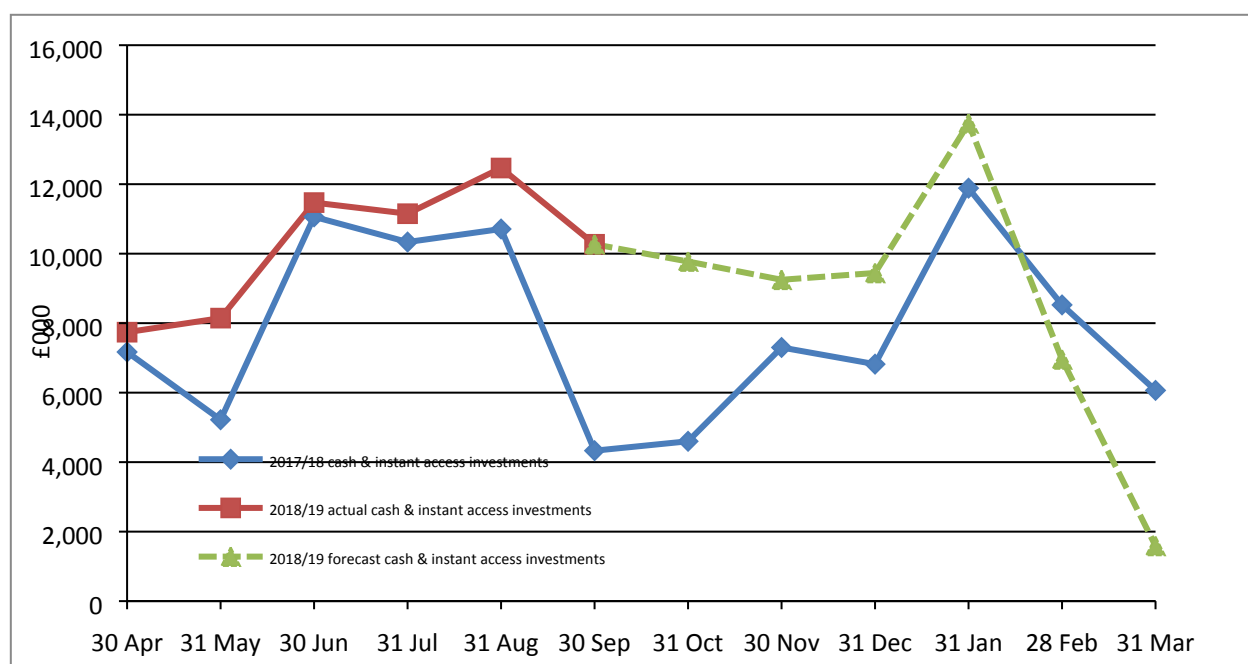
- 3.1 As a debt free authority the treasury management activities of the Council are exclusively concerned with the investment of its reserves, as the Council does not currently undertake any borrowing.
- 3.2 The base rate was decreased from 0.5% to 0.25% in August 2016, with the rate having remained at 0.5% since March 2009. The base rate was increased to 0.5% 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 £17,000,000 as detailed in the table below.

UK Institutions	Fitch Credit Rating	Principal £	Interest Rate	Invested	Matures	Length in Days
Standard Life Money Market Fund		5,000,000	Currently 0.67%	On call		
Invesco Money Market Fund		5,000,000	Currently 0.66%	On call		
Royal Bank of Scotland	BBB+					
Fixed Deposit		3,000,000	3 mth LIBOR	09/02/15	09/02/20	1826
Santander	A					
Fixed Deposit		1,000,000	0.80%	04/06/18	04/12/18	183
Fixed Deposit		3,000,000	0.90%	14/09/18	14/03/19	181
Total Deposits		17,000,000				

- 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 September £270k was held in an instant access account.
- 3.5 The following corporate bonds were held at the end of the September 2018, valued as at 31 March 2018:

Bond held	Valuation £	Coupon Interest Rate	Effective Interest Rate	Maturity date
Asif II (a)	94,983	6.38%	5.49%	05/10/20
Asif II (b)	31,288	6.38%	5.33%	05/10/20
Asif II (c)	50,285	6.38%	6.41%	05/10/20
UK Treasury	171,380	8.00%	4.77%	07/06/21
Atlantia SPA (a)	67,336	6.25%	5.65%	09/06/22
Atlantia SPA (b)	106,320	6.25%	5.55%	09/06/22
UK Treasury	68,274	6.00%	4.76%	07/12/28
Total	589,866			

- 3.6 The weighted average interest rate earned on fixed rate investments in the quarter was 0.77%.
- 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 2017/18, and the forecast levels of cash and instant access investments in 2018/19. The graph demonstrates the level of cash and excludes fixed term investments which will be returned before the end of the year.



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 2018/19 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
31/03/18	90%	10%
30/06/18	59%	41%
30/09/18	43%	57%

This Prudential Indicator sets an upper limit on fixed interest rate exposures of 100% and variable interest rate exposures of 80% 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 September the figures are as follows:

Date	Total investments (excluding bonds)	Sums invested for greater than 364 days	% of total investments
31/03/18	£9m	£5m	56%
30/06/18	£14m	£4m	29%
30/09/18	£17m	£3m	18%

There is one loan of £3m that is invested for greater than 364 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 2018/19 has been set at £150,000. Investment income earned in the year to September is £72k. The impact of the recent bank base rate increase is still an unknown at this time, however it is likely that there may be a modest interest rate increase in the medium term. The budget assumed an interest rate of 0.9% on medium term loans and 0.35% on short term loans. The current interest rate earned on money market funds is approximately 0.65%. It is therefore probable that the budgeted investment income will be met.

Background Papers:	None
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