Cabinet

Date: 6 February 2017  
Time: 7.00 pm  
Venue: Council Chamber  
District Council Offices, Queen Victoria Road, High Wycombe Bucks

Fire Alarm - In the event of the fire alarm sounding, please leave the building quickly and calmly by the nearest exit. Do not stop to collect personal belongings and do not use the lifts. Please congregate at the Assembly Point at the corner of Queen Victoria Road and the River Wye, and do not re-enter the building until told to do so by a member of staff.

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For further information, please contact Catherine Mackenzie 01494 421206, or email: committeeservices@wycombe.gov.uk
AGENDA

1. **APOLOGIES FOR ABSENCE**

   To receive apologies for absence.

2. **MINUTES**

   To confirm the minutes of the meeting of the special Cabinet held on 12 December 2016 (attached).

3. **DECLARATIONS OF INTEREST**

   To receive any disclosure of disclosable pecuniary interests by Members relating to items on the agenda. If any Member is uncertain as to whether an interest should be disclosed, he or she is asked if possible to contact the District Solicitor prior to the meeting.

   Members are reminded that if they are declaring an interest, they should state the nature of that interest whether or not they are required to withdraw from the meeting.
Cabinet Minutes

Date: 12 December 2016
Time: 4.00 - 4.35 pm

PRESENT: Councillor Ms K S Wood (Executive Leader of the Council - in the Chair)

Councillor Mrs J A Adey - Cabinet Member for Community
Councillor D H G Barnes - Deputy Leader and Cabinet Member for Engagement and Strategy
Councillor D A Johncock - Cabinet Member for Planning
Councillor Mrs J D Langley - Cabinet Member for Housing
Councillor - Cabinet Member for HR, ICT and Customer Services
D A C Shakespeare OBE
Councillor Mrs J E Teesdale - Cabinet Member for Environment
Councillor D M Watson - Cabinet Member for Finance and Resources
Councillor R Wilson - Cabinet Member for Economic Development and Regeneration

By Invitation
Councillor S Broadbent - Deputy Cabinet Member for Economic Development and Regeneration
Councillor R Gaffney - Chairman of the Improvement & Review Commission
Councillor M E Knight - Leader of the East Wycombe Independent Party
Councillor A Lee - Deputy Cabinet Member for Housing
Councillor Mrs W J Mallen - Deputy Cabinet Member for Environment
Councillor G Peart - Deputy Cabinet Member for Finance and Resources
Councillor R Raja - Leader of the Labour Group
Councillor A Turner - Deputy Cabinet Member for Planning

51 APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors D Carroll (Cabinet Member for Youth and External Partnerships) and S Raja (Deputy Cabinet Member for Community).

52 MINUTES

RESOLVED: That the minutes of the meeting of the Cabinet held on 14 November 2016 be approved as a true record and signed by the Chairman.

53 DECLARATIONS OF INTEREST

There were no declarations of interest.
PUBLIC SPACES PROTECTION ORDER - CONSULTATION UPDATE

Cabinet was reminded that at its meeting on 11 July 2016, it had agreed to a public consultation being undertaken on the implementation of two proposed Public Spaces Protection Orders (PSPO) for High Wycombe Town Centre and the surrounding area. The consultation responses and findings were included in the report before Cabinet.

After due consideration, Cabinet approval was sought to endorse the new Orders for implementation from February 2017.

The following decisions were made as new powers had been introduced under the Anti-Social Behaviour, Crime and Policing Act 2014 to deal with anti-social behaviour, including the ability to create a Public Spaces Protection Order (PSPO).

In August, Cabinet agreed to launch a consultation on two proposed PSPOs.

**RESOLVED:** That (i) the findings of the Public Spaces Protection Order (PSPO) consultation be noted; and

(ii) the implementation of two Public Spaces Protection Orders as set out in the report for the High Wycombe town centre and surrounding area be agreed, with an implementation date of 1\(^{st}\) February 2017 (dependant on weather and the availability of the installation company).

LOCAL PLAN UPDATE

The report before Cabinet provided an update on the preparation of the Local Plan. The report highlighted that the timeframe for Cabinet and Council approval of the Plan was March 2017, prior to being published and submitted to Government. It was noted that the Princes Risborough Town Plan would be integrated into the main Local Plan due to the convergence of both timetables.

Cabinet were advised that, as a result of additional work on the District’s housing land supply and revised estimates of housing need, the District’s unmet housing need had reduced from 5,100 homes to 1,700 homes.

The report also summarised the work that had been undertaken in relation to the expansion of Princes Risborough, following the publication of the draft Princes Risborough Town Plan in February 2016. Cabinet were asked to agree in principle, if appropriate, to use its Compulsory Purchase Powers to assist in the delivery of the proposals with regards to the Local Plan and associated infrastructure.

The following decisions were made to ensure that Cabinet appraised of the progress in preparing the Local Plan and to ensure the delivery of the Local Plan proposals and the proper planning of the District.

**RESOLVED:** That (i) the proposal to include the plan to expand Princes Risborough into the District-wide Local Plan, and the revised timetable, with the final details being agreed by the Cabinet Member for Planning and Sustainability in a revised Local Development Scheme be noted;
(ii) the revised (reduced) housing need for the District, the latest position on housing delivery over the 20 year Plan period and the unmet need that Aylesbury Vale District Council (AVDC) was being asked to accept be noted;

(iii) Subject to further detailed work and discussions Cabinet be prepared to use Compulsory Purchase Powers to deliver the proposals in the Local Plan and associated infrastructure in appropriate circumstances;

(iv) the assessment of the comparative deliverability of the different options in relation to the Princes Risborough western link road be noted including:

a. the detailed deliverability information as set out in Appendix A of the report regarding the western link road option 11b at Princes Risborough; and

b. the assessment of other infrastructure matters at Princes Risborough.

56 RISBOROUGH SPRINGS EXTENSION CAPITAL PROJECT

Cabinet recalled that at its meeting on 8 April 2013, it had agreed to improve the facilities at Risborough Springs Sports and Fitness Centre, subject to a projected revenue income of circa £200k. Cabinet were informed that the projected revenue income could not be met. Therefore, Cabinet were asked to proceed with the extension under the revised terms set out in the report.

The following decisions were made as Cabinet had approved a capital budget of £1.2m to extend the current facility on 8 April 2013. This was approved on the basis of projected revenue income of circa £200k per annum. Following detailed negotiations it was not possible to proceed on this basis. Cabinet were asked to consider proceeding on the basis that the proposed scheme would meet the requirement for additional indoor sports facilities for the potential future growth of Princes Risborough.

RESOLVED: That (i) the extension project agreed by Cabinet on 8 April 2013, as set out in Appendix A of the report, on the revised financial terms set out in the report be agreed; and

(ii) delegated authority be granted to the Major Projects and Property Executive and the Head of Community Services to negotiate detailed terms with Places for People.

The Leader informed the meeting that following publication of the agenda for the meeting, further information had been obtained in relation to Minute items 57 & 58 which had resulted in the items being exempt pursuant to the paragraph set out in the Exclusion of Press and Public within this document.
EXCLUSION OF PRESS AND PUBLIC

RESOLVED: That the Press and Public be excluded from the meeting during consideration of the following item as they contain exempt information as defined in Regulation 4(2)(b) of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012, more particularly as follows:

Minute 57 – Handy X Hub Funding Report for Phase 5

Minute 58 - Baker Street Redevelopment

Information relating to the financial or business affairs of any particular person (including the authority holding that information) (Paragraph 3, Part 1 of Schedule 12A, Local Government Act 1972)

(The need to maintain the exemption outweighs the public interest in disclosure, because disclosure could prejudice proposed transactions or the Council's ability to negotiate the most advantageous commercial terms, which would not be in the public interest)

Minute 59 – Urgent Items – Parking

Information relating to the financial or business affairs of any particular person (including the authority holding that information) (Paragraph 3, Part 1 of Schedule 12A, Local Government Act 1972)

(The need to maintain the exemption outweighs the public interest in disclosure, because disclosure could prejudice the Council’s position in any future tender process or negotiations)

57 HANDY X HUB FUNDING REPORT FOR PHASE 5

Cabinet was asked to approve and formally recommend that funding be released for Phase 5 of the Handy X Hub redevelopment.

The following recommendation was made in order to progress the Handy X Hub masterplan and enable proposals for the pre-letting of Phase 5 of the project.

Recommended: That an addition to the Major Projects Capital Programme for 2017/18 to provide additional funding as set out in exempt Appendix A of the HXH Phase 5 report be agreed, subject to relevant business case and assurance sign-off by the Corporate Director and Head of Finance & Commercial Services in consultation with relevant Cabinet Members.
Cabinet were asked to recommend to Council the provision of funding from the capital programme to enable the redevelopment of the Baker Street area.

The following recommendation and decisions were made as the opportunity had arisen to regenerate the Baker Street area, largely owned by the Council.

**Recommended:** That an addition be made to the Major Projects Capital Programme for 2017/18 to provide funding as set out in Appendix A of the report for Phase 1 of the Baker Street Area Renewal.

**RESOLVED:** That the addition to the Major Projects Capital Programme for 2017/18 be approved and recommended to Council:

(i) the proposed masterplan for Baker Street Area Renewal, as set out in paragraph 9 of the report be approved;

(ii) the proposed lease be approved; and

(iii) a programme for closure of the George Street temporary long stay surface car park be agreed, with a further report to be brought to Cabinet to confirm alternative arrangements for long stay parking in the western side of the town centre.

**59 EXEMPT URGENT ITEMS - PARKING**

Cabinet approval was sought to determine the most appropriate parking management arrangement for the Council owned car parks.

The reason for urgency was that due to recent changes in circumstances a decision was required before the next scheduled meeting in February 2017.

The following decision was made to ensure the efficient operation and management of the Council's car parks.

**RESOLVED:** That option 2 as set out in the report be supported.

_______________________
Chairman

The following officers were in attendance at the meeting:

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<thead>
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<th>Name</th>
<th>Position</th>
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<tr>
<td>Karen Satterford</td>
<td>Chief Executive</td>
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<tr>
<td>Ian Hunt</td>
<td>Democratic Services Manager</td>
</tr>
<tr>
<td>Catherine MacKenzie</td>
<td>Principal Democratic Services Officer</td>
</tr>
<tr>
<td>Paul Shackley</td>
<td>Corporate Director</td>
</tr>
<tr>
<td>Jemma Durkan</td>
<td>Senior Democratic Services Officer</td>
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REFERRAL FROM THE AUDIT COMMITTEE – TREASURY MANAGEMENT STRATEGY 2017/18

Chairman of the Committee: Councillor Mike Appleyard

Officer contacts: Nisar Visram Ext:3615
Email: nisar.visram@wycombe.gov.uk

PROPOSED RECOMMENDATIONS TO COUNCIL

That:

(i) the Treasury Management strategy for 2017/18 and the Treasury Management indicators contained therein be approved; and

(ii) the Treasury Management policy statement, attached at Appendix A of the report, be noted.

Reason for decision

In February 2012, the Council adopted the CIPFA Treasury Management in the Public Services: Code of Practice (fully revised 2011 edition), which requires the Council to approve a treasury management strategy before the start of each financial year, a mid-year report, and an annual report after the end of each financial year.

Corporate Implications

1. There are no direct financial implications associated with approval of the Treasury Management Strategy or Treasury Indicators, although it sets the framework within which the Council operates its treasury management function.

2. There is a statutory duty for the Council to determine and keep under review the amount of money it can afford to borrow – the “Affordable Borrowing Limit”. The prudential indicator that sets the affordable borrowing limit is called the Authorised Limit for External Debt and is approved in the prudential indicator report but also set out here for information.

3. The detail in this report is provided in line with “Guidance on Local Authority Investments”, issued by the DCLG. This guidance is in fact a requirement, and there is consequently little scope for making the detail in the appendices more user-friendly and accessible to the lay person.

Executive Summary

4. In February 2012, the Council adopted the CIPFA Treasury Management in the Public Services: Code of Practice (fully revised 2011 edition), which requires the Council to approve a treasury management strategy before the start of each financial year, a mid-year report, and an annual report after the end of each financial year.

5. The Code of Practice also requires Council to approve the Treasury Management Policy Statement at Appendix A.
6. As part of the Code local authorities are required to charge a body of members to scrutinise the treasury management strategy and Council agreed at its meeting on 25 February 2010 to appoint the Audit Committee to this role.

7. This report is the Annual Treasury Management Strategy for the next financial year, which amongst other things lays down the criteria within which investments are made, with particular regard to counter party limits. It also sets the treasury management indicators and borrowing limits for the year.

8. In addition, the Department for Communities and Local Government (CLG) issued revised guidance on local authority investments in March 2010 that requires the Council to approve an investment strategy before the start of each financial year. This report fulfils the Council's obligations under both these sets of guidance.

**Treasury Management Policy Statement**

11. It is the Council’s responsibility to approve a Treasury Management Policy Statement on a periodic basis and Council approve this annually. The Policy Statement is included in Appendix A.

12. The Treasury Management Policy sets out the objectives and the regulatory requirements of the Council’s treasury management function.

13. The principal objectives of this Treasury Management Policy Statement are to provide a framework within which:

   i) risks which might affect the Council’s ability to fulfil its responsibilities or which might jeopardise its financial security, can be identified;

   ii) borrowing costs can be minimised should the Council be required to or choose to borrow, whilst ensuring the long term security and stability of the Council's financial position; and

   iii) Investment returns can be safely maximised and capital values maintained.

**Treasury Management Strategy Statement**


15. The Strategy Statement comprises two main components:

   i) the ‘External Context’, drafted by the Council’s external treasury advisers, Capita (Sector) Asset Management. This is important as the rate at which the Council can borrow and the return it will obtain on cash balances are linked to the performance of the wider UK and global economy. This is included in Appendix B.

   ii) a Borrowing and Investment Strategy, including the approved sources of long term and short term borrowing and details of the type of institutions the Council is able to place its cash with and the limits with each type of institution. This is included in Appendix C.
16. The main changes in the Treasury Management Strategy are:

- Increase of investment limits with existing A- credit rated or above counterparties by £1m to ensure adequate avenues for placing cash without diluting the credit quality of the Council’s counterparties. This action is in response to the cut in interest rates and a fall in demand for Local Authority deposits due to increased requirements for financial institutions to set aside corresponding capital against deposits.

### Table 1 Change in Treasury Limits

<table>
<thead>
<tr>
<th>Category</th>
<th>2016/17 Limit</th>
<th>2017/18 Proposed Limit</th>
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<tr>
<td>Banks and building societies (including Supranationals) holding long-term credit ratings no lower than AA- or equivalent. (either UK based or domiciled in a country with a AA rating)</td>
<td>£5m</td>
<td>£6m</td>
</tr>
<tr>
<td>Banks and building societies holding long-term credit ratings no lower than A or equivalent (either UK based or domiciled in a country with a AA rating)</td>
<td>£4m</td>
<td>£5m</td>
</tr>
<tr>
<td>UK building societies holding a long-term credit rating no lower than A- or equivalent.</td>
<td>£3m</td>
<td>£4m</td>
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Bail in Risk

17. In 2013 the UK has implemented bail-in provisions of the EU Bank Recovery and Resolution Directive in the form of the Financial Services (Banking Reform) Act. This means that if a Bank faces difficulty in future, it may take a ‘haircut’ of depositors’ funds before any potential support from Government is sought and thus funds placed with banks are at higher risk than they previously had been before the Banking Reform Act came into place.

18. An important element of the Council’s investment decision making is the credit rating of the counterparty derived from the three leading credit rating agencies (Fitch, Moody’s and Standard and Poor). The rating agencies have reviewed their methodologies for determining ratings following Bail-in Regulations and changes in the regulatory regime, removing the ‘uplift’ for implied sovereign support of bank. However, new regulations strengthening banks by requiring more capital to be set aside has netted this off, leaving most credit ratings unaffected.

19. On 30 November 2016 the Bank of England released its Stress Test results for the UK Banking System, assessing the adequacy of capital held by the Banks in a stressed scenario. Seven institutions were tested: Barclays, HSBC, Lloyds Banking Group, Nationwide, the Royal Bank of Scotland (RBS) Group, Santander UK and Standard Chartered. All seven banks passed the aggregated levels. However The Royal Bank of Scotland Group, Standard Chartered and Barclays fell short on some individual measures. The Bank of England noted that the test was based on a snapshot of the balance sheet of these banks at the end of 2015 and because of...
actions taken subsequently, no further capital raising actions were required from Barclays and Standard Chartered. RBS submitted revised capital plans which were accepted by the Prudential Regulation Authority (PRA) Board.

20. The Council has taken action to limit its exposure to Bail in risk by:

- Keeping limits held with any individual counterparty low and restricting investments in time limit and to only the most creditworthy counterparties.

- Investing in Money Market Funds which are AAA rated and offer a wider level of diversification.

- Investing with other Local Authorities where opportunities are available at a reasonable rate of return.

21. As at 30th November 2016 the Council had cash balances of £83.1m invested as follows:

- £44.1m with twelve different Banks and Building Societies including the Council’s banking services provider Natwest plc.
  - £30m with four different AAA rated Money Market Funds
  - £4m with two different Local Authorities
  - £5.0m UK Government Gilts.

**Interest Rates and Investment Options**

22. On 4\(^{th}\) August 2016 the Bank of England reduced its base rate from 0.5% to 0.25% and the Council has continued to face a challenging environment for placing funds and generating an adequate yield. Due to the requirements for financial institutions to set aside increased capital to cover deposits, there has been a decrease in demand for Local Authority deposits. With the bank rate decreasing, Local Authorities can borrow at low rates and therefore the rates for inter Local Authority borrowing have reduced. In (12/12/2016) December 2016 the Council’s bank, Natwest, reduced the current account rate to 0.05%.

23. In the absence of counterparties to place funds, the Council invests short term with the UK Government Debt Management Office (DMO) with a yield of 0.15%. To increase yield the Council has a number of options:

- Invest directly in Local Property – The Council is actively pursuing this. In 2016/17 the Council purchased a large commercial property at Sword house for £6.8m for regeneration and investment purposes. The Council is taking forward a number of other such investments, where there is a strong regeneration imperative with returns of between 6-8%. These are detailed within the Council’s major projects programme.

- Invest indirectly in a Property Fund – The option of investing in such a fund is included within the treasury strategy although the Council is currently prioritising investments within its own borders where the Council has investment experience, local knowledge and can combine other objectives with the investment. Investing in indirect property funds have a specific set of risks requiring due diligence, with detailed assessment of current economic conditions and their impact on the national property market.
• Treasury Investments with more Risk – Although Council investments are restricted in a number of areas; there are investments available where the Council can take on more risk for a higher return. These include cash funds where the capital invested can decrease as well as increase, or widening the Council’s credit criteria. The option of investing in a ‘VNAV’ (Variable Net Asset Value) funds are included within the Council’s treasury strategy although the increase in return over and above what the Council is currently achieving varies according to the volatility of the fund and overall does not provide a financially material uplift. Widening the Council’s credit criteria is not proposed at this time given the limited impact on return relative to the increase in risk.
• Increase limits with existing counterparties. Limits to existing counterparties are proposed to increase by £1m for all A-rated institutions as part of this report increasing exposure to counterparties who have a credit rating the Council is comfortable investing with whilst obtaining a yield that is respectable in the current economic environment.

A list of Counterparties available for use by the Council is enclosed at Appendix E.

Prudential Indicators

17. The CIPFA Prudential Code for Capital Finance in Local Authorities (2011 Edition) requires performance against specified key indicators to be measured and reported on a regular basis. The purpose of these indicators is to demonstrate prudence, affordability and sustainability.

18. An explanation of PI’s includes in Appendix D. Key objectives of the indicators are to:

• ensure borrowing is less than the Council’s Capital Financing Requirement (CFR), demonstrating that all long term borrowing has been undertaken for capital purposes in line with the Prudential Code;
• set the Council’s authorised and operational borrowing limits;
• show the percentage of the revenue budget required to be spent on financing borrowing; and
• show the incremental impact of new capital investment decisions on Council Tax.

19. PI’s are monitored throughout the year and reported to Audit Committee at Council mid-year and at the end of the financial year, in line with the best practice requirements outlined in the CIPFA Treasury Management Code of Practice.

20. Appendix D also includes a statement of the Council’s Minimum Revenue Provision (MRP) policy, used to calculate the amount the Council is annually required to set aside towards repaying its CFR.

Consultation


Next Steps

APPENDIX A

Treasury Management Policy Statement

1. Definition

The Council defines its treasury management activities as the management of the authority’s investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.

2. Risk Management:

The Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the Council, and any financial instruments entered into to manage these risks.

3. Value for Money

The Council acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable comprehensive performance measurement techniques, within the context of effective risk management.

4. Borrowing Policy

The Council values revenue budget stability and will therefore borrow the majority of its long-term funding needs at long-term fixed rates of interest. Short-term and variable rate loans will only be borrowed to the extent that they either offset short-term and variable rate investments or can be shown to produce revenue savings.

The Council will set an affordable borrowing limit each year in compliance with the Local Government Act 2003, and will have regard to the CIPFA Prudential Code for Capital Finance in Local Authorities when setting that limit. It will also set limits on its exposure to changes in interest rates and limits on the maturity structure of its borrowing in the treasury management strategy report each year.

5. Investment Policy

The Council’s primary objectives for the investment of its surplus funds are to protect the principal sums invested from loss, and to ensure adequate liquidity so that funds are available for expenditure when needed. The generation of investment income to support the provision of local authority services is an important, but secondary, objective. The Council will have regard to the Communities and Local Government Guidance on Local Government Investments and will approve an investment strategy each year as part of the treasury management strategy. The strategy will set criteria to determine suitable organisations with which cash may be invested, limits on the maximum duration of such investments and limits on the amount of cash that may be invested with any one organisation.
Economic Summary

The below Economic Summary has been prepared by Treasury Solutions, Capita Asset Services. Treasury Officers at the Council, supported by advice from Capita, monitor the wider economy on a daily basis as it provides the context in which the Council invests its funds and provides information on credit risk relating to the Council’s money.

The wider economic picture also provides information regarding the timing interest rates may increase, impacting investment strategy and also decisions on borrowing if applicable. Most Local Authority borrowing in general has traditionally been from the Public Works Loan Board (PWLB), a Central Government lending facility, whose rates are determined by UK Gilt rates and these fluctuate based on the wider UK economic environment. Although Wycombe District Council does not have any borrowing, the economic background is important should the Council choose to borrow in future.

ECONOMIC BACKGROUND

UK. GDP growth rates in 2013 of 2.2% and 2.9% in 2014 were strong but 2015 was disappointing at 1.8%, though it remained one of the leading rates among the G7 countries. Growth improved in quarter 4 of 2015 from +0.4% to 0.7% but fell back to +0.4% (2.0% y/y) in quarter 1 of 2016 before bouncing back again to +0.7% (2.1% y/y) in quarter 2. During most of 2015, the economy had faced headwinds for exporters from the appreciation during the year of sterling against the Euro, and weak growth in the EU, China and emerging markets, plus the dampening effect of the Government’s continuing austerity programme.

The referendum vote for Brexit in June 2016 delivered an immediate shock fall in confidence indicators and business surveys at the beginning of August, which were interpreted as pointing to an impending sharp slowdown in the economy. However, the following monthly surveys in September showed an equally sharp recovery in confidence and business surveys so that it is generally expected that the economy will post positive growth numbers through the second half of 2016 and in 2017, albeit at a slower pace than in the first half of 2016.

The Monetary Policy Committee (MPC) meeting on 4th August was dominated by consideration of the initial shock fall in business surveys and the expected sharp slowdown in growth. The result was a package of measures that included a cut in Bank Rate from 0.50% to 0.25%, a renewal of quantitative easing with £70bn made available for purchases of gilts and corporate bonds, and a £100bn tranche of cheap borrowing for banks to use to lend to businesses and individuals. The Bank of England quarterly Inflation Report included an unchanged forecast for growth for 2016 of 2.0% but cut the forecast for 2017 from 2.3% to just 0.8% and the forecast for 2018 to 1.8%. However, some forecasters think that the Bank has been too pessimistic with its forecasts; since then, later statistics and the sharp recovery in business surveys have provided support for this view. The Governor of the Bank of England, Mark Carney, had warned that a vote for Brexit would be likely to cause a slowing in growth, particularly from a reduction in business investment, due to the uncertainty of whether the UK would have continuing full access, (i.e. without tariffs), to the EU single market. He also warned that the Bank could not do all the heavy lifting to boost economic growth and suggested that the Government will need to help growth by increasing investment expenditure and possibly by using fiscal policy tools (taxation). The new Chancellor, Phillip Hammond, announced,
after the referendum result, that the target of achieving a budget surplus in 2020 will be eased in the Autumn Statement on 23rd November.

The Inflation Report also included a sharp rise in the forecast for inflation to around 2.4% in 2018 and 2019. CPI had already started rising during 2016 as the falls in the price of oil and food twelve months ago fall out of the calculation during the year and, in addition, the post referendum 18% fall in the value of sterling on a trade weighted basis, (as at late October), is likely to result in additional upward pressure on CPI. However, this further increase in inflationary pressures will take 2-3 years to gradually work its way through the economy so is unlikely to cause major concern to the MPC unless the increases are stronger than anticipated. The MPC is, therefore, on balance, expected to look thorough this one off upward blip in inflation from the devaluation of sterling in order to support economic growth, especially if pay increases continue to remain subdued and therefore pose little danger of stoking core inflationary price pressures arising from within the UK economy. The Bank of England will most probably have to revise its inflation forecasts significantly higher in its 3rd November quarterly Inflation Report: this rise in inflation expectations has caused investors in gilts to demand a sharp rise in longer term gilt yields, which have already risen by around fifty basis points since mid-August. It should be noted that 27% of gilts are held by overseas investors who will have seen the value of their gilt investments fall by 18% as a result of the devaluation of sterling, (if their investments had not been currency hedged). In addition, the price of gilts has fallen further due to a reversal of the blip up in gilt prices in early August after further quantitative easing was announced - which initially drove yields down, (i.e. prices up). Another factor that is likely to dampen gilt investor sentiment will be a likely increase in the supply of gilts if the Chancellor slows down the pace of austerity and the pace of reduction in the budget deficit in the Autumn Statement - as he has already promised. However, if there was a more serious escalation of upward pressure on gilt yields, this could prompt the MPC to respond by embarking on even more quantitative easing, (purchases of gilts), to drive gilt yields back down.

USA. The American economy had a patchy 2015 with sharp swings in the quarterly growth rate leaving the overall growth for the year at 2.4%. Quarter 1 of 2016 disappointed at +0.8% on an annualised basis while quarter 2 improved, but only to a lacklustre +1.4%. However, forward indicators are pointing towards a pickup in growth in the rest of 2016. The Fed. embarked on its long anticipated first increase in rates at its December 2015 meeting. At that point, confidence was high that there would then be four more increases to come in 2016. Since then, more downbeat news on the international scene and then the Brexit vote, have caused a delay in the timing of the second increase which is now strongly expected in December 2016. Overall, despite some data setbacks, the US is still probably the best positioned of the major world economies to make solid progress towards a balanced combination of strong growth, full employment and rising inflation: this is going to require the central bank to take action to raise rates so as to make progress towards normalisation of monetary policy, albeit at lower central rates than prevailed before the 2008 crisis.

EZ. In the Eurozone, the ECB commenced, in March 2015, its massive €1.1 trillion programme of quantitative easing to buy high credit quality government and other debt of selected EZ countries at a rate of €60bn per month. This was intended to run initially to September 2016 but was extended to March 2017 at its December 2015 meeting. At its December and March 2016 meetings it progressively cut its deposit
facility rate to reach -0.4% and its main refinancing rate from 0.05% to zero. At its March meeting, it also increased its monthly asset purchases to €80bn. These measures have struggled to make a significant impact in boosting economic growth and in helping inflation to rise significantly from around zero towards the target of 2%. GDP growth rose by 0.6% in quarter 1 2016, (1.7% y/y), but slowed to +0.3%, (+1.6% y/y), in quarter 2. Forward indications are that economic growth in the EU is likely to continue at moderate levels with Germany continuing to outperform other major European economies. This has added to comments from many forecasters that central banks around the world are running out of ammunition to stimulate economic growth and to boost inflation. They stress that national governments will need to do more by way of structural reforms, fiscal measures and direct investment expenditure to support demand and economic growth in their economies.

There are also significant political risks within the EZ in as much as Spain has held two general elections since December 2015 and still been unable to form a functioning government holding a majority of seats, while the Netherlands, France and Germany face general elections in 2017. A further cause of major political tension and political conflict, is one of the four core principals of the EU – the free movement of people within the EU, (note – not in just the Eurozone common currency area). In addition, Greece has been a cause of major concern in terms of its slowness in delivering on implementing fundamental reforms required by the EU to reduce its budget deficit in exchange for the allocation of further bailout money.

Another area of major concern is that many Italian banks are exposed to substantial amounts of underperforming loans and are undercapitalised. Some German banks are also undercapitalised, especially Deutsche Bank, which is under threat of major financial penalties from regulatory authorities that will further weaken its capitalisation. What is clear is that national governments are forbidden by EU rules from providing state aid to bail out those banks that are at risk, while, at the same time, those banks are unable realistically to borrow additional capital in financial markets due to their vulnerable financial state. However, they are also ‘too big, and too important to their national economies, to be allowed to fail’.

Asia. Economic growth in China has been slowing down and this, in turn, has been denting economic growth in emerging market countries dependent on exporting raw materials to China. Medium term risks have been increasing in China e.g. a dangerous build up in the level of credit compared to the size of GDP, plus there is a need to address a major over supply of housing and surplus industrial capacity, which both need to be eliminated. This needs to be combined with a rebalancing of the economy from investment expenditure to consumer spending. However, the central bank has a track record of supporting growth through various monetary policy measures which further stimulate the growth of credit risks and so increase the existing major imbalances within the economy.

Economic growth in Japan is still anaemic, and skirting with deflation, despite successive rounds of huge monetary stimulus and massive fiscal action to promote consumer spending. The government is also making little progress on fundamental reforms of the economy.
Emerging countries. There are also concerns around the vulnerability of some emerging countries which are particularly exposed to the downturn in demand for commodities from China or to competition from the increase in supply of American shale oil and gas reaching world markets. Financial markets could also be vulnerable to risks from major sovereign wealth funds of those countries that are highly exposed to the falls in commodity prices from the levels prevailing before 2015, especially oil, and which, therefore, may have to liquidate substantial amounts of investments in order to cover national budget deficits over the next few years if the price of oil does not return to pre-2015 levels.

Brexit timetable and process

- March 2017: UK government notifies the European Council of its intention to leave under the Treaty on European Union Article 50
- March 2019: two-year negotiation period on the terms of exit. This period can be extended with the agreement of all members i.e. not that likely.
- UK continues as an EU member during this two-year period with access to the single market and tariff free trade between the EU and UK.
- The UK and EU would attempt to negotiate, among other agreements, a bilateral trade agreement over that period.
- The UK would aim for a negotiated agreed withdrawal from the EU, although the UK may also exit without any such agreements.
- If the UK exits without an agreed deal with the EU, World Trade Organisation rules and tariffs could apply to trade between the UK and EU - but this is not certain.
- On exit from the EU: the UK parliament would repeal the 1972 European Communities Act.
- The UK will then no longer participate in matters reserved for EU members, such as changes to the EU's budget, voting allocations and policies.
Investment and Borrowing Strategy

The Council's Borrowing and Investment Position

1. The Council currently has no external borrowing as at 30 November 2016.

2. As at 30 November 2016 the Council held £83.1m of Investments. £81.1m of these are held to less than one year’s maturity with the remainder held for longer than a year.

3. According to current cash flow forecasts, net investments are projected to be £61.6 million by 31 March 2017 and to £50.8 million by 31 March 2018.

4. The budget for investment income in 2017/18 is £521k, based on an average investment portfolio of £72.2 million at an interest rate of 0.70%. If actual levels of investments and borrowing, and actual interest rates, differ from those forecast, performance against budget will be correspondingly different.

Investment Strategy

5. The Council holds significant surplus funds, representing income received in advance of expenditure, plus balances and reserves. Both the CIPFA Code and the CLG Guidance require the Council to invest its funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield.

Specified Investments

6. Specified investments are those expected to offer relatively high security and high liquidity, and can be entered into with the minimum of formalities. The CLG Guidance defines specified investments as those:

   - Denominated in pound sterling
   - Due to be repaid within 12 months of arrangement,
   - Not defined as capital expenditure by legislation, and
   - Invested with one of:
     - The UK Government
     - A UK local authority, parish council, or community council, or
     - A body or investment scheme of “high credit quality”

7. The Council defines the following as being of “high credit quality” for making specified investments, subject to the monetary and time limits shown.
### Table 1.1 – Specified investment limits 2017/18

<table>
<thead>
<tr>
<th>Description</th>
<th>Monetary limit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Banks and building societies (including Supranationals) holding long-term</td>
<td>£6m each</td>
</tr>
<tr>
<td>credit ratings(^1) no lower than AA- or equivalent. (either UK based</td>
<td></td>
</tr>
<tr>
<td>or domiciled in a country with a AA rating)</td>
<td></td>
</tr>
<tr>
<td>Banks and building societies holding long-term</td>
<td>£5m each</td>
</tr>
<tr>
<td>credit ratings no lower than A or equivalent (either UK based or domiciled</td>
<td></td>
</tr>
<tr>
<td>in a country with a AA rating)</td>
<td></td>
</tr>
<tr>
<td>UK building societies holding a long-term credit rating no lower than A-</td>
<td>£4m</td>
</tr>
<tr>
<td>or equivalent.</td>
<td></td>
</tr>
<tr>
<td>Other Financial institutions in which the UK</td>
<td>£4m</td>
</tr>
<tr>
<td>government has a substantial financial stake in excess of 50% or is</td>
<td></td>
</tr>
<tr>
<td>providing support subject to a notice period – for example the Council’s</td>
<td></td>
</tr>
<tr>
<td>banking services provider Natwest Plc.</td>
<td></td>
</tr>
<tr>
<td>Money market funds(^1) holding credit ratings no lower than AAA</td>
<td>£7.5m per fund and</td>
</tr>
<tr>
<td>£15m per fund administrator</td>
<td></td>
</tr>
<tr>
<td>UK Central Government (DMO DMADF and Gilts)</td>
<td>Unlimited</td>
</tr>
<tr>
<td>Supranationals</td>
<td>£5m each</td>
</tr>
<tr>
<td>UK Local Authorities(^2)</td>
<td>£7.5m each</td>
</tr>
</tbody>
</table>

\(^1\) AS DEFINED IN THE LOCAL AUTHORITIES (CAPITAL FINANCE AND ACCOUNTING) REGULATIONS 2003

\(^2\) AS DEFINED IN THE LOCAL GOVERNMENT ACT 2003

**Change from 2016/17 Strategy** – Limits for Banks and Building societies with a credit rating higher than BBB+ have been increased by £1m to ensure adequate avenues for placing cash without diluting the credit quality of the Council’s counterparties. This action is in response to the cut in interest rates and a fall in demand for Local Authority deposits due to increased requirements for financial institutions to set aside corresponding capital against deposits.

8. Counterparties are only required to meet the minimum credit rating with one of the rating agencies and the Council will take the highest rating for investment purposes. A group of banks under the same ownership will be treated as a single organisation for limit purposes.

9. Investments may not be restricted to banks and building society deposits, but may be made with any public or private sector organisation providing that it
meets the credit rating criteria above. This reflects a lower likelihood that central government will support failing banks following new Bail in Regulations, as well as the removal of restrictions on local authority purchases of corporate bonds.

10. The Council’s revenue reserves available to cover investment losses are forecast to be £51.2 million at 31st March 2017. In order that no more than 25% of available reserves will be put at risk in the case of a single default, the maximum that will be lent to any one organisation (other than the UK Government) will be £7.5 million. This will be kept under regular review.

Building societies

11. The Council will restrict deposits to UK building societies that hold credit ratings of A- or above. The Council will not place deposits with Building Societies that are not rated by one or more the main Credit Rating Agencies.

Money market funds

12. Money market funds are pooled investment vehicles consisting of instruments similar to those used by the Council. They have the advantage of providing wide diversification of investment risks, coupled with the services of a professional fund manager. Fees of between 0.10% and 0.20% per annum are deducted from the interest paid to the Council.

13. Individual Money Market Fund managers operate several different funds. These have different objectives but are essentially the same in nature in terms of diversification of underlying investments. Investments may be invested in more than one fund run by the same fund manager, with an overall limit of £15m per fund manager.

14. Funds that offer same-day liquidity and a constant net asset value will be used as an alternative to instant access call accounts, while funds whose value changes with market prices and/or have a notice period will be used for longer investment period.

Collateralised investments

15. Where the Council makes an investment with an organisation that is secured on collateral in a third party (e.g. a reverse repo or a collateralised deposit), the time limit may be extended to match the limit given above for the third party. However, the investment will still count against the cash limit of the organisation receiving the funds.

Non-specified investments

16. Any investment not meeting the definition of a specified investment is classed as non-specified. The Council does not intend to make any investments denominated in foreign currencies, nor any with low credit quality bodies nor any that are defined as capital expenditure by legislation, such as company shares.

17. Non-specified investments will therefore be limited to long-term investments, i.e. those that are due to mature 12 months or longer from the date of arrangement. The maximum duration of the investment will depend upon its lowest published long-term credit rating:
Table 1.2 – Non Specified Investment Criteria

<table>
<thead>
<tr>
<th>Long-term credit rating</th>
<th>Time limit</th>
</tr>
</thead>
<tbody>
<tr>
<td>AAA</td>
<td>5 years</td>
</tr>
<tr>
<td>AA+</td>
<td>4 years</td>
</tr>
<tr>
<td>AA</td>
<td>3 years</td>
</tr>
<tr>
<td>A+ to AA-</td>
<td>2 years</td>
</tr>
</tbody>
</table>

18. The time limit for long-term investments in UK local authorities will be three years and in UK government 25 years.

19. Long-term investments will be limited to £3m per organisation except the UK Government which will be unlimited and Local Authorities (as defined in the 2003 Local Government Act) which will be £7.5m individually. The combined value of short-term and long-term investments with any organisation will not exceed the limits for specified investments outlined above.

20. The total limit on long-term investments and non-specified investments is £40 million.

Property Fund

21. The Council has direct property investments within the Wycombe District Council area amounting to £104.95m at 31 March 2016.

22. As part of its Treasury Management Strategy, the Council may seek to invest in an indirect property fund. This would be managed by a fund manager and may invest in properties across the UK or internationally. The Council would hold a shareholding in the fund based on the value of its investment.

23. Property Funds in the UK can provide returns of 4-6% at present together with capital appreciation. This is considerably more than the average of 0.7% currently being achieved on the Council’s treasury investments. However, capital values can go down as well as up. The investment would also be long term and there are potential entry and exit fees. The Council will not invest more than £7.5m in indirect property funds.

24. One further consideration is whether such an investment would be considered capital expenditure or not. The Authority will seek guidance on the status of any fund and due diligence will be undertaken by the Head of Finance and Commercial and the Portfolio Holder before any investment is made.

Other Consideration

25. The criteria for choosing counterparties set out above provide a sound approach to investment in “normal” market circumstances. Whilst Members are asked to approve this base criteria above, under the exceptional current market conditions, the Chief Financial Officer will temporarily restrict further investment activity to those counterparties considered of higher credit quality than the minimum criteria set out for approval. These restrictions will remain in place until the banking system returns to “normal” conditions. Similarly the time periods for investments may be restricted.
26. In practice the strategy currently means that it is unlikely that any investments other than in local authorities and UK government will be longer than two years, as bank long term ratings have been reduced substantially over recent years.

Risk assessment and credit ratings

27. The Council uses long-term credit ratings from the three main rating agencies, Fitch Ratings Ltd, Moody’s Investors Service Inc, and Standard & Poor’s Financial Services LLC, to assess the risk of investment default. A counterparty needs to meet the minimum rating criteria from at least one of the rating agencies.

28. Long-term ratings are expressed on a scale from AAA (the highest quality) through to D (indicating default). Ratings of BBB- and above are described as investment grade, while ratings of BB+ and below are described as speculative grade. The Council’s credit rating criteria are set to ensure that it is very unlikely the Council will hold speculative grade investments, despite the possibility of repeated downgrades.

29. Credit ratings are obtained and monitored by the Council’s treasury advisers, who will notify changes in ratings as they occur. Where an entity has its credit rating downgraded so that it fails to meet the above criteria then:
   - no new investments will be made,
   - any existing investments that can be recalled at no cost will be recalled, and
   - full consideration will be given to the recall of any other existing investments.

30. Where a credit rating agency announces that it is actively reviewing an organisation’s credit ratings with a view to downgrading it (also known as “negative rating watch”) so that it is likely to fall below the above criteria, then the Head of Finance and Commercial will consider suspending any further investments pending the outcome of the rating agency review. If after taking advice from the Council’s Treasury Management Advisors he/she is satisfied that there is no implied increase risk of default from the Counterparty then the Counterparty will continue to be used subject to meeting all other elements of the Council’s Investment criteria.

31. If rising balances and/or falling credit ratings mean that insufficient banks of “high credit quality” are available to invest the Council’s cash balances, then the surplus will be deposited with the UK Government, via the Debt Management Office, for example.

Other information on the security of investments

32. The Council understands that credit ratings are good, but not perfect, predictors of investment default. Full regard will therefore be given to other available information on the credit quality of banks and building societies, including credit default swap prices, financial statements and rating agency reports. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may meet the above criteria.
Foreign countries

33. Investments in foreign countries will be limited to those that hold an AAA, AA+ or AA, sovereign credit rating from all three major credit rating agencies, and to a maximum of £10 million per foreign country. Banks that are domiciled in one country but are owned in another country will need to meet the rating criteria of and will count against the limit for both countries. There is no limit on investments in the UK irrespective of the credit rating.

34. Investments in countries whose rating is not AAA will be limited to one year’s duration. Sovereign credit rating criteria and foreign country limits will not apply to investments in multilateral development banks (e.g. the European Investment Bank and the World Bank) or other supranational organisations (e.g. the European Union).

Investment instruments

35. Investments may be made using any of the following instruments:
   - Interest paying bank accounts
   - Fixed term deposits
   - Call or notice deposits (where the Council can demand repayment)
   - Certificates of deposit
   - Treasury bills and gilts issued by the UK government
   - Bonds issued by multilateral development banks (e.g. the EIB)
   - Shares in money market funds
   - Shares in Enhanced Cash Funds

36. Investments may be made at either a fixed rate of interest, or at a variable rate (which may or may not be linked to a market interest rate, such as LIBOR).

Liquidity management

37. The Council uses spreadsheets to forecast cash flow to determine the maximum period for which funds may prudently be committed. The forecast is compiled on a pessimistic basis, with receipts under-estimated and payments over-estimated to minimise the risk of the Council being forced to borrow on unfavourable terms to meet its financial commitments. The forecast allows for a cushion of between £5million and £7million to be held on instant access deposit at all times.

38. Limits on long-term investments are set by reference to the Council’s medium term financial plan and cash flow forecast.

Planned investment strategy for 2017/18

39. The cash flow forecast will be used to divide surplus funds into three categories:
• Short-term – cash required to meet known cash outflows in the next month, plus a contingency to cover unexpected cash flows over the same period.

• Medium-term – cash required to manage the annual seasonal cash flow cycle, including amounts to cover forecast shortages, planned use of reserves, and a longer-term contingency

• Long-term – cash not required to meet cash flows, and used primarily to generate investment income

40. Short-term funds are required to meet cash flows occurring in the next month or so, and the preservation of capital and liquidity is therefore of paramount importance. Generating investment returns is of limited concern here, although it should not be ignored. Instant access AAA-rated money market funds and bank deposit accounts will be the main methods used to manage short-term cash.

41. Medium-term funds which may be required in the next one to twelve months will be managed concentrating on security, with less importance attached to liquidity, but a slightly higher emphasis on yield. The majority of investments in this period will be in the form of fixed term deposits with banks, UK building societies and local authorities. A wide spread of counterparties and maturity dates will be maintained to maximise the diversification of credit and interest rate risks; this may be achieved by the use of suitable medium-term money market funds. Deposits with lower credit quality names will be made for shorter periods only, while deposits with higher quality names can be made for longer durations.

42. Cash that is not required to meet any liquidity need can be invested for the longer term with a greater emphasis on achieving returns that will support spending on local authority services. Security remains important, as any losses from defaults will impact on the total return, but, fluctuations in price, and even occasional losses, can be managed over the long term within a diversified portfolio. Liquidity is of less concern, although it should still be possible to sell investments, with due notice, if large spending commitments arise unexpectedly. The Council employs external fund managers that have the skills and resources to manage the risks inherent in a portfolio of long-term investments. This allows the Council to diversify into a wider range of instruments, including certificates of deposit, and gilts.

**Borrowing Strategy**

43. The Council had no external borrowing. However the Council has internally borrowed from existing balances to fund its capital programme. The Council’s capital financing requirement (CFR, or underlying need to borrow) as at 31 March 2017 is expected to be £7.3 million.

44. In addition, the Council may borrow for short periods of time (up to two weeks) to cover unexpected cash flow shortages, though because of its cash flow projections outlined above this should prove unnecessary.
Sources of borrowing

45. The approved sources of long-term and short-term borrowing will be:
   - Public Works Loan Board
   - Any institution approved for investments above
   - Any other bank or building society approved by the Financial Services Authority

Debt Instruments

46. As an alternative to borrowing, the Council may finance capital expenditure and incur long-term liabilities by means of leases. However, there are no immediate plans to use this other than in respect of embedded leases within the Joint Waste Collection Contract.

Treasury Management Indicators

47. The Council measures its exposures to treasury management risks using the following indicators. The Council is asked to approve the following indicators:
   - Security: average credit rating

48. The Council is asked to adopt a voluntary measure of its exposure to credit risk by monitoring the weighted average credit rating of its investment portfolio.

   Table 1.3 – Average Investment Credit Rating

<table>
<thead>
<tr>
<th></th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Portfolio average credit rating</td>
<td>A</td>
</tr>
</tbody>
</table>

49. For the purpose of this indicator, unrated local authorities are assumed to hold an AA+ rating. The target average credit rating of ‘A’ is unchanged from the 2015/16 strategy.

Liquidity: cash available within three months

50. The Council is asked to adopt a voluntary measure of its exposure to liquidity risk by monitoring the amount of cash available to meet unexpected payments within a rolling three month period. This target is set at a minimum of £5 million without temporary borrowing, and £7 million with temporary borrowing. This range has been increased to reflect the higher level of expenditure being paid on Major Projects.

Interest rate exposures

51. This limit is set to control the Council’s exposure to interest rate risk. In order to keep as much flexibility as possible in the investment and borrowing strategies these have been kept deliberately high. It is extremely unlikely that borrowing will be fixed over the next three years, but this does allow for that possibility. The upper limits on fixed and variable rate interest rate exposures, expressed as an amount of net principal borrowed is:
Table 1.4 Net Principal Borrowed Interest Rate Exposures

<table>
<thead>
<tr>
<th></th>
<th>2017/18</th>
<th>2018/19</th>
<th>2019/20</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£m</td>
<td>£m</td>
<td>£m</td>
</tr>
<tr>
<td>Upper limit on fixed interest rate exposures</td>
<td>5</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Upper limit on variable interest rate exposures</td>
<td>5</td>
<td>5</td>
<td>5</td>
</tr>
</tbody>
</table>

52. Fixed rate investments and borrowings are those where the rate of interest is fixed for the whole financial year. Instruments that mature during the financial year are classed as variable rate.

Maturity structure of borrowing

53. This limit is set to control the Council’s exposure to refinancing risk. The upper and lower limits on the maturity structure of fixed rate borrowing will be:

Table 1.5 – Fixed borrowing ‘Upper’ and ‘Lower’ Limits

<table>
<thead>
<tr>
<th></th>
<th>Upper</th>
<th>Lower</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under 12 months</td>
<td>100%</td>
<td>0%</td>
</tr>
<tr>
<td>12 months and within 24 months</td>
<td>100%</td>
<td>0%</td>
</tr>
<tr>
<td>24 months and within five years</td>
<td>100%</td>
<td>0%</td>
</tr>
<tr>
<td>Five years and within 10 years</td>
<td>100%</td>
<td>0%</td>
</tr>
<tr>
<td>10 years and above</td>
<td>100%</td>
<td>0%</td>
</tr>
</tbody>
</table>

54. This indicator applies to the financial years 2016/17, 2017/18, and 2018/19. Time periods start on the first day of each financial year. The maturity date of borrowing is the earliest date on which the lender can demand repayment. These limits provide flexibility should the Council decide to enter into any new borrowing.

Principal sums invested for periods longer than 364 days

55. The purpose of this indicator is to control the Council’s exposure to the risk of incurring losses by seeking early repayment of its investments. The limits on the total principal sum invested to final maturities beyond one year will be:

Table 1.6 – Overall investment limits >1 year

<table>
<thead>
<tr>
<th></th>
<th>2017/18</th>
<th>2018/19</th>
<th>2019/20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Limit on principal invested beyond year end</td>
<td>£42m</td>
<td>£40m</td>
<td>£38m</td>
</tr>
</tbody>
</table>
Borrowing limits

56. The Council is being asked to approve these Prudential Indicators as part of the Prudential indicator report. These limits consist of a limit for external borrowing (loans) from third parties and ‘Other Long Term Liabilities’ which cover Finance Leases. This second element includes the Council’s Financial Liabilities under the Waste Collection contract for both Vehicles and Bin Recepticles. These limits are unchanged from 2015/16.

**Table 1.7 – Operational boundary**

<table>
<thead>
<tr>
<th></th>
<th>2017/18</th>
<th>2018/19</th>
<th>2019/20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operational boundary – borrowing</td>
<td>£10m</td>
<td>£10m</td>
<td>£10m</td>
</tr>
<tr>
<td>Operational boundary – other long-term liabilities</td>
<td>£8m</td>
<td>£8m</td>
<td>£8m</td>
</tr>
<tr>
<td>Operational boundary – TOTAL</td>
<td>£18m</td>
<td>£18m</td>
<td>£18m</td>
</tr>
</tbody>
</table>

**Table 1.8 – Authorised limit for external debt**

<table>
<thead>
<tr>
<th></th>
<th>2017/18</th>
<th>2018/19</th>
<th>2019/20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Authorised Limit – borrowing</td>
<td>£10m</td>
<td>£10m</td>
<td>£10m</td>
</tr>
<tr>
<td>Authorised Limit – other long-term liabilities</td>
<td>£9m</td>
<td>£9m</td>
<td>£9m</td>
</tr>
<tr>
<td>Authorised Limit – TOTAL</td>
<td>£19m</td>
<td>£19m</td>
<td>£19m</td>
</tr>
</tbody>
</table>

Other Matters

57. The CLG Investment Guidance requires the Council to note the following matters each year as part of the investment strategy:

Treasury management advisers

58. The Council is currently in contract with Capita Asset Services to provide advice and information relating to its investment and borrowing activities. However, responsibility for final decision making remains with the Council and its officers. The services received include:

- Advice and guidance on relevant policies, strategies, and reports
- Advice on investment decisions
- Notification of credit ratings and changes
- Other information on credit quality
- Advice on debt management decisions
• Accounting advice
• Reports on treasury performance
• Forecasts of interest rates, and
• Training courses

59. The quality of this service is controlled by half yearly review meetings.

Investment Training

60. The needs for training of the Council’s treasury management staff in investment management are assessed periodically as part of the staff appraisal process, and additionally when the responsibilities of individual members of staff change.

61. Staff regularly attend training courses, seminars and conferences provided by Capita Asset Services and CIPFA.

Investment of money borrowed in advance of need

62. The Council could, from time to time, borrow in advance of spending need where this is expected to provide the best long term value for money. Since amounts borrowed would be invested until spent, the Council is aware that it would be exposed to the risk of loss of the borrowed sums, and the risk that investment and borrowing interest rates may change in the intervening period. These risks would be managed as part of the Council’s overall management of its treasury risks.

63. Any total amount borrowed would not exceed the authorised borrowing limit. The maximum period between borrowing and expenditure would be expected to be two years, although the Council does not link particular loans with particular items of expenditure.
Appendix D


Introduction

1. The Local Government Act 2003 requires the Council to adopt the CIPFA Prudential Code and produce prudential indicators. Each indicator either summarises the expected capital activity or introduces limits upon that activity. This report updates currently approved indicators to 2019/20.

2. Within this overall prudential framework there is an impact on the Council’s treasury management activity – as it will directly impact on borrowing or investment activity. The treasury management strategy for 2017/18 is included elsewhere on this agenda, and that strategy includes any indicators relating specifically to the treasury activity.

The Capital Expenditure Plans

3. The Council’s capital expenditure plans are summarised below and this forms the first of the prudential indicators. These need to be affordable, sustainable and prudent. The revenue consequences of this will need to be paid for from the Council’s own resources.

4. This capital expenditure can be paid for immediately (by applying capital resources such as capital receipts, capital grants etc., or revenue resources), but if these resources are insufficient any residual expenditure will add to the Council’s borrowing need.

5. The key risks to the plans are that the level of Government support has been estimated and may be subject to change. Similarly some estimates for other sources of funding, such as capital receipts, may also be subject to change over this timescale.

6. The Council is asked to approve the summary capital expenditure projections below. This forms the first prudential indicator:

<table>
<thead>
<tr>
<th>Indicator 1 Capital Expenditure £m</th>
<th>2016/17 Estimate</th>
<th>2017/18 Estimate</th>
<th>2018/19 Estimate</th>
<th>2019/20 Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Fund</td>
<td>10.930</td>
<td>17.542</td>
<td>1.405</td>
<td>1.185</td>
</tr>
<tr>
<td>Financed by:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital receipts</td>
<td>6.6770</td>
<td>13.676</td>
<td>0.605</td>
<td>0.385</td>
</tr>
<tr>
<td>CIL &amp; Section 106</td>
<td>3.041</td>
<td>3.066</td>
<td>0.000</td>
<td>0.000</td>
</tr>
<tr>
<td>Grant receipts</td>
<td>1.212</td>
<td>0.800</td>
<td>0.800</td>
<td>0.800</td>
</tr>
<tr>
<td>Revenue Development Reserve (RDR)</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
</tr>
</tbody>
</table>
Figures above are for Capital Expenditure only and consequently differ from the Major Projects Programme. These figures are based on a draft capital programme as at December 2016. A revised capital programme will be approved in February 2017 by Council and this will alter the capital expenditure and funding figures presented within this report.

The Council’s Borrowing Need (the Capital Financing Requirement)

7. The second prudential indicator is the Council’s Capital Financing Requirement (CFR). The CFR is simply the total outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council’s underlying borrowing need. The capital expenditure above which has not immediately been paid for will increase the CFR.

8. The Council is asked to approve the CFR projections below:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>CAPITAL FINANCING REQUIREMENT</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CFR at year end</td>
<td>7.270</td>
<td>6.352</td>
<td>5.498</td>
<td>4.973</td>
</tr>
<tr>
<td>Movement in CFR</td>
<td>-0.918</td>
<td>-0.918</td>
<td>-0.854</td>
<td>-0.525</td>
</tr>
</tbody>
</table>

Breakdown of Movement in CFR

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Net financing need for the year (above)</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
</tr>
<tr>
<td>MRP/VRP and other financing movements</td>
<td>-0.918</td>
<td>-0.918</td>
<td>-0.854</td>
<td>-0.525</td>
</tr>
<tr>
<td>Movement in CFR</td>
<td>-0.918</td>
<td>-0.918</td>
<td>-0.854</td>
<td>-0.525</td>
</tr>
</tbody>
</table>

9. The Council is required to pay off an element of the accumulated General Fund capital spend each year through a revenue charge (the Minimum Revenue Provision MRP), although it is also allowed to undertake additional voluntary payments (VRP). The figures above assume only the MRP will be made.

10. CLG Regulations have been issued which require full Council to approve an MRP Statement in advance of each year. A variety of options are provided to councils, so long as there is a prudent provision. The Council is recommended to approve the following MRP Statement:

11. For capital expenditure incurred before 1 April 2008 or which in the future will be Supported capital Expenditure, the MRP policy will be:

- **Existing practice** - MRP will follow the existing practice outlined in former CLG Regulations.
12. From 1 April 2008 for all unsupported borrowing the MRP policy will be:

- **Asset Life Method** – MRP will be based on the estimated life of the assets, in accordance with the regulations.

**The Use of the Council’s resources and the Investment Position**

13. The application of resources (capital receipts, reserves etc.) to either finance capital expenditure or other budget decisions to support the revenue budget will have an ongoing impact on investments unless resources are supplemented each year from new sources (asset sales etc.). Detailed below are estimates of the available year end balances for each resource together with working capital.

<table>
<thead>
<tr>
<th>Indicator 3 Year End Resources £m</th>
<th>2016/17 Estimate</th>
<th>2017/18 Estimate</th>
<th>2018/19 Estimate</th>
<th>2019/20 Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fund balances</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital receipts Reserve</td>
<td>15.1</td>
<td>4.3</td>
<td>5.7</td>
<td>7.3</td>
</tr>
<tr>
<td>Revenue reserves</td>
<td>53.2</td>
<td>53.8</td>
<td>53.4</td>
<td>51.6</td>
</tr>
<tr>
<td><strong>Total Core Funds</strong></td>
<td><strong>46.3</strong></td>
<td><strong>36.1</strong></td>
<td><strong>37.1</strong></td>
<td><strong>36.9</strong></td>
</tr>
<tr>
<td>Working Capital*</td>
<td>5.0</td>
<td>5.0</td>
<td>5.0</td>
<td>5.0</td>
</tr>
<tr>
<td>Borrowing net of CFR</td>
<td>-7.3</td>
<td>-6.4</td>
<td>-5.5</td>
<td>-5.0</td>
</tr>
<tr>
<td><strong>Expected Investments</strong></td>
<td><strong>44.0</strong></td>
<td><strong>34.7</strong></td>
<td><strong>36.6</strong></td>
<td><strong>36.9</strong></td>
</tr>
</tbody>
</table>

* Working capital balances shown are estimated year end; these may be higher at certain points during the year.

**Affordability Prudential Indicators**

14. The previous sections cover the overall capital and control of borrowing prudential indicators, but within this framework prudential indicators are required to assess the affordability of the capital investment plans. These provide an indication of the impact of the capital investment plans on the Council’s overall finances. The Council is asked to approve the following indicators:

15. **Actual and Estimates of the ratio of financing costs to net revenue stream**

- This indicator identifies the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against the net revenue stream.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Ratio</td>
<td>3.61</td>
<td>4.40</td>
<td>4.02</td>
<td>1.10</td>
</tr>
</tbody>
</table>
16. The estimates of financing costs include current commitments and the proposals in this budget report. The financing costs include MRP, interest on finance leases (Waste Contract). The net revenue stream takes account of all government funding used to support the General Fund (RSG, Business Rates funding, Section 31 Grants and New Homes Bonus) as well as Council Tax income.

17. **Estimates of the incremental impact of capital investment decisions on the Council Tax (Indicator 5)** – This indicator identifies the revenue costs associated with proposed changes in the major projects programme (capital expenditure only) recommended in the budget report compared to the Council’s existing approved commitments and current plans. The Council’s financial strategy is based on the premise that capital financing decisions have no impact on the revenue budget. Any surplus income is transferred to capital funds, and expenditure on the major projects programme is designed to ensure that it results in no capital financing costs that would impact on council tax levels.

### Limits to Borrowing Activity

19. Within the prudential indicators there are a number of key indicators to ensure the Council operates its activities within well-defined limits.

20. For the first of these (**Indicator 6**) the Council needs to ensure that its total borrowing net of any investments, does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2017/18 and the following two financial years. This allows some flexibility for limited early borrowing for future years.

21. The Chief Financial Officer reports that the Council complies with this prudential indicator in the current year and does not envisage difficulties for the future. This view takes into account current commitments, existing plans, and the proposals in the budget report.

22. The Operational Boundary for external debt – This indicator is not a limit but represents a possible level of debt that may be reached during the year. It allows for overdrafts and any temporary borrowing that may be necessary pending asset sales.

<table>
<thead>
<tr>
<th>Indicator 7</th>
<th>Operational Boundary £m</th>
<th>2016/17 Estimate</th>
<th>2017/18 Estimate</th>
<th>2018/19 Estimate</th>
<th>2019/20 Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Borrowing</td>
<td></td>
<td>10.0</td>
<td>10.0</td>
<td>10.0</td>
<td>10.0</td>
</tr>
</tbody>
</table>
23. The Authorised Limit for External Debt – A further key prudential indicator represents a control on the overall level of borrowing. This represents a limit beyond which external debt is prohibited, and this limit needs to be set or revised by full Council. It reflects the level of external debt which, while not desired, could be afforded in the short term, but is not sustainable in the longer term. It includes any bank overdraft and temporary borrowing which may be necessary to manage cash flow and pending asset sales. This is the statutory limit determined under section 3 (1) of the Local Government Act 2003. The Government retains an option to control either the total of all councils’ plans, or those of a specific council, although no control has yet been exercised.

24. The Council is asked to approve the following Authorised Limit:

<table>
<thead>
<tr>
<th>Indicator 8 Authorised limit £m</th>
<th>2016/17 Estimate</th>
<th>2017/18 Estimate</th>
<th>2018/19 Estimate</th>
<th>2019/20 Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Borrowing</td>
<td>10.0</td>
<td>10.0</td>
<td>10.0</td>
<td>10.0</td>
</tr>
<tr>
<td>Other long term liabilities</td>
<td>9.0</td>
<td>9.0</td>
<td>9.0</td>
<td>9.0</td>
</tr>
<tr>
<td>Total</td>
<td>19.0</td>
<td>19.0</td>
<td>19.0</td>
<td>19.0</td>
</tr>
</tbody>
</table>
Appendix E - Treasury Investment options

The table below outlines fixed deposit counterparties available to be used by the Council. A counterparty will not be on the list below for any of the following reasons:

- The Counterparty is not accepting Local Authority fixed term deposits or has not put itself forward as being in the market for these
- Minimum investment amounts required by the Counterparty exceed the levels the Council is permitted to invest under its strategy
- The Counterparty does not meet the Council’s minimum credit rating criteria
- Investment rates provided by the Counterparty do not provide any significant uplift from the UK Government’s Debt Management Office (DMO) rate of 0.15%

Table 1 – Counterparties that are available for use by the Council as at 30 November 2016

<table>
<thead>
<tr>
<th>Counterparty</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lloyds TSB</td>
<td>In use</td>
</tr>
<tr>
<td>Barclays Bank</td>
<td>In use</td>
</tr>
<tr>
<td>Goldman Sachs Bank</td>
<td>In Use</td>
</tr>
<tr>
<td>Close Brothers Ltd</td>
<td>In Use</td>
</tr>
<tr>
<td>Handelsbanken</td>
<td>In Use</td>
</tr>
<tr>
<td>HSBC</td>
<td>In Use</td>
</tr>
<tr>
<td>Leeds Building Society</td>
<td>In Use</td>
</tr>
<tr>
<td>Coventry Building Society</td>
<td>In Use</td>
</tr>
<tr>
<td>Nationwide Building Society</td>
<td>In Use</td>
</tr>
<tr>
<td>Santander UK</td>
<td>Not Currently Used</td>
</tr>
<tr>
<td>Emirates National Bank of Dubai</td>
<td>Not Currently Used</td>
</tr>
<tr>
<td>Other Local Authorities</td>
<td>In Use</td>
</tr>
</tbody>
</table>
REFERRAL FROM IMPROVEMENT & REVIEW COMMISSION – RURAL ISSUES TASK AND FINISH GROUP REPORT

Members: Councillor R Gaffney (Chairman of the Improvement & Review Commission) and Councillor C Etholen (Chairman of the Rural Issues Task and Finish Group)

Wards Affected: All

Officer contact: Jemma Durkan Ext: 3980 Email: jemma.durkan@wycombe.gov.uk

PROPOSED DECISION

To consider the recommendations of the Improvement & Review Commission in respect of Rural Issues as featured below.

Reason for Decision

The Commission seeks the approval of Cabinet to the recommendations as agreed by the Improvement and Review Commission.

Corporate Implications

1. There are no obvious legal or financial implications at this stage until Cabinet has considered how to respond to the recommendations.

Executive Summary

2. The Improvement and Review Commission established a Task and Finish Group which has explored over 6 months issues that affect rural communities and business across the District based on the following Terms of Reference:

   • To suggest/identify measures that can be taken to improve/develop rural affordable housing and the rural economy including broadband provision.

3. The Task and Finish Group arrived at some six recommendations. These were endorsed, subject to the inclusion of an amendment to recommendation 2 and an additional recommendation 7 as detailed below, by the Commission meeting on Wednesday 11 January 2017.

4. It was agreed at the Improvement and Review Commission meeting on 11 January 2017 that recommendation 2 in respect of affordable housing include the entire district. Also an additional recommendation 7 was added regarding due consideration being given to the support of Rural Community Bus schemes across the District.

Task and Finish Group Recommendations -

Recommendation 1

That superfast broadband is a key infrastructure requirement to be provided as a similar service to utilities for new homes in rural areas in the district, and the current Connected Counties project providing superfast broadband continue to be monitored and provided to the more difficult rural areas in the district.
Reason for this Recommendation
The Task and Finish Group were concerned at the lack of superfast broadband being provided to new rural homes and that developers should be obligated to provide this to any new homes being built. Also developers should provide the facility to a point within dwellings so that superfast broadband can be accessed as soon as a property is occupied. As many people now work and run businesses from home in rural areas superfast broadband is a key element of maintaining and developing a successful business and developing the rural economy.

The third phase of the Connected Counties project would provide superfast broadband to the final 5% of homes not yet connected. It was noted that this would be the most difficult to reach areas and this part of the project should be monitored to ensure that delivery outcomes are met and all homes in rural areas have access to superfast broadband.

Recommendation 2
That Affordable Rural Housing built in the District be kept as such if sold in the future on the open market.

Reason for this Recommendation
There was concern that if an affordable rural property was sold on the open market this would then become unaffordable to residents in the local area. As affordable rural housing was not in large supply it was important for legislation to be in place to protect the status of these properties for local residents to access in the future.

As agreed at the Improvement and Review Commission meeting on 11 January 2017 it was requested that the recommendation in respect of affordable housing include both Urban and Rural parts of the District (i.e. the entire District).

Recommendation 3
That rural parish councils be supported by Wycombe District Council in providing a Local Housing Needs Survey if any parish council in the District choose to investigate a need for affordable rural housing.

Reason for this Recommendation
This would provide support for local parish councils if they wish to provide affordable rural housing for their residents and if developers show an interest in an area in their parish for development. A Local Housing Needs Survey would show evidence of affordable rural housing requirement in their parish.

Recommendation 4
That organisations such as The Caravan Club be contacted to promote tourist campsites in the District and local farmers be encouraged to diversify their businesses to offer land for caravan and campsites or to provide holiday accommodation.

Reason for this Recommendation
There were very few campsites in the District that were supported by organisations such as The Caravan Club. These organisations provide support and marketing for camping and caravanning sites and would encourage tourists to visit rural areas in the District. To enhance the rural economy farmers could diversify their businesses to include tourist accommodation which could provide additional income to sustain their businesses for the future.
Recommendation 5
That tourist information be made available at community libraries in rural areas in the District and be suitable promoted.

Reason for this Recommendation
As there were only three Tourist Information Centres in the District this would provide additional provision for providing local tourist information for minimal cost. This could be promoted by the District Council and enable tourists and local residents to access information in rural areas.

Recommendation 6
To enable links with neighbouring local authorities and specialist organisations, such as the Chilterns Society, to promote walks and trails in and around adjoining districts.

Reason for this Recommendation
There were many walks and trails in and around the Wycombe District that crossed over into other district and county councils areas. This would help promote activities to tourists in other areas and encourage them to participate in events that they may not usually be aware of and this in turn would enhance tourism at a local level.

Recommendation 7
To consider the support of Rural Community Bus schemes across the District.

Reason for this Recommendation
Rural Transport is very important for rural communities and many commercially run bus services to rural areas have been reduced. To address this issue local community bus services, such as the commendable Risborough Area Community Bus, could be implemented. This model of transport would enable rural residents to access public transport and could successfully break down rural vulnerability across the District.

Background and Issues
5. The Rural Issues Task and Finish Group was set up by the Improvement and Review Commission on 13 January 2016 with a specific focus on connectivity, economy, employment and tourism and the overall quality of life for rural residents.

6. The Task and Finish Group met with external key stakeholders and officers from Wycombe District Council. Information and discussions resulting from these meetings formed the Terms of Reference and resulting recommendations.

7. The Group Membership was as follows:

<table>
<thead>
<tr>
<th>Role</th>
<th>Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chairman</td>
<td>Councillor Carl Etholen</td>
</tr>
<tr>
<td>Vice-Chairman</td>
<td>Councillor Mark Harris</td>
</tr>
<tr>
<td>Membership</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Councillor Hugh McCarthy</td>
</tr>
<tr>
<td></td>
<td>Councillor Mrs Shade Adoh</td>
</tr>
<tr>
<td></td>
<td>Councillor John Savage</td>
</tr>
</tbody>
</table>
8. The following investigations were carried out by the Group:

Monday 18 April 2016
- Scoping Meeting

Thursday 19 May 2016
- Visit from with Nick Phillips, Chief Executive of Community Impact Bucks and member of The Buckinghamshire Rural Affairs Group (BRAG).

Tuesday 26 July 2016
- Visit from Heather Dean, Head of Skills and Business support, Buckinghamshire Business First.

Wednesday 5 October 2016
- Visit from WDC Planning Officer, WDC Housing Officer and WDC Tourism Officer.

Wednesday 9 November 2016
- Discussion and finalising of recommendations.

Consultation
9. Consultation has been undertaken with external key holders and Wycombe District Council officers.

Conclusions/Recommendations
10. The Group having taken evidence from external sources and WDC officers identified that superfast broadband, rural affordable housing and tourism were key elements for residents and businesses in the rural area.

11. The Council had invested in the Connect Counties project to enable superfast broadband to be available for everyone in the District. It was important that this project was monitored and effective for people in rural areas so that they were offered equal opportunities as residents and business in the towns.

12. As house prices were continuing to rise and becoming increasingly more difficult to access for some residents in rural areas, it was apparent that rural housing was an important aspect in keeping local communities together. Local parish councils were an integral part of planning for future housing, and with regards to housing requirements in the new Local Plan, it was important to make sure rural parish councils were supported by the District.

13. Tourism was an integral aspect of the rural community and provided a large part of the rural economy. It was important that the Council help to promote and support rural businesses therefore sustaining the economy and future of rural communities.

Next Steps

Background Papers
Held in Democratic Services
CABINET RESPONSE TO THE IMPROVEMENT & REVIEW COMMISSION REGENERATION TASK AND FINISH GROUP RECOMMENDATIONS

Cabinet Member:  Councillor Roger Wilson
Wards Affected:   All
Officer contact:  Paul Shackley   Ext:3400
                  Email:paul_shackley@wycombe.gov.uk

PROPOSED DECISION

That:

(i) the responses to the recommendations made by the Improvement & Review Commission (IRC) through its Regeneration Delivery Task & Finish Group as set out in Appendix A be agreed; and

(ii) £25,000 be funded for concept development from the 2017/18 contingency fund.

Reason for Decision

To respond to the recommendations made by the Regeneration Delivery Task & Finish Group.

Corporate Implications

1. There are no significant corporate implications arising from this report. There is a financial impact related to (ii) above.

Executive Summary

2. The IRC established a Task & Finish Group to look at regeneration and how support could be provided to ensure that the Council achieved its objectives in this regard.

3. The recommendations from the Group (and IRC) were noted by Cabinet on 14 November 2016, with a commitment that a further report be presented to Cabinet in due course.

Sustainable Community Strategy/Council Priorities - Implications

4. Regeneration is a key strand for the Council in delivering against its Place, People and Pounds priorities.

Background Papers

Improvement & Review Commission papers – 9 November 2016
Cabinet papers – 14 November 2016
Held in Democratic Services
Lead Members and officers have considered the recommendations made by the IRC. The following is provided by way of a response:

a. To further engage with Buckinghamshire County Council (as the Highway Authority) and the Buckinghamshire Thames Valley Local Enterprise Partnership in respect of the problems of getting commuters/deliveries/visitors on and off of the Cressex Business Estate

Response: Accepted

Work is already underway in this regard between officers of both Councils and the local businesses located on the Cressex Business Park. A number of initiatives are being pursued to improve the traffic situation in the area. The Council has made resources available for the project. However, it is disappointing that an initially approved bid of £2m has not been taken forward by the LEP.

b. To similarly engage with Buckinghamshire County Council in respect of work to solve Globe Park/Westhorpe Junction (Marlow) entrance/exit problems

Response: Accepted

Once again officers are working with partners to improve the situation at Globe Park. It is hoped that a bid by Highways England is successful to change the layout of the Westhorpe roundabout. The Council is also working with the Globe Park Bidco to improve access, egress, signage and parking at the park.

c. For new businesses for Estates to be able to help with a specified time to offer either a rent free period and or be able to offer rate relief of anything between 25% and 80% rate relief for a specific period of time.

Response: Partially Accepted

It is normal practice as part of any new letting for incentives to be included as part of the lease, including a period of rent free occupation or in some cases contributions to tenant fit out. The Council does not provide discounts to tenants in respect of business rates other than under the Small Business Rates Relief Scheme.

d. To ensure continued liaison and proactive dialogue between Planning and the Council’s Major Projects Team

Response: Accepted

The two teams are working well under the leadership of the Director and the lead Members. This will ensure that the Council’s regeneration objectives are achieved.

e. To ensure that pre-worked up infrastructure plans/economic regeneration initiatives for Wycombe District were ready to submit to Central Government via the Local Enterprise Partnership in respect of each funding bid series

Response: Partially Accepted

The Council has supported the LEP in developing its infrastructure plan within which a number of initiatives/projects are included. At the appropriate time relevant bid
documents can be produced within the timescales required by the LEP. The Council does not have the required resources to produce bid documents in advance and at risk, especially given the LEPs focus in the north of the county.

f. To involve Members and particularly local ward Members at the embryonic stage of any regeneration scheme eg as schemes were worked up for inclusion in Buckinghamshire Infrastructure Investment Plan (ie LEP ‘bid-ready’ schemes), and similarly re WDC only prototype schemes

Response: Partially Accepted

Where possible, local Members can be included at an early stage in project development. It is not always practical due to commercial considerations. However, officers will consider local ward Members as requested where possible.

g. To continually monitor the commercial expertise available to the Major Projects & Estates team, and to expand/contract appropriately as and when major new projects initiated/completed

Response: Accepted

The Council has recently reviewed and increased the resources allocated to the team. This is kept under constant review in line with management responsibility.

h. To consider the establishment of an appropriate delivery model as and when each residential provision scheme is initiated, on a case by case basis

Response: Accepted

Within each Council project an appropriate delivery model is considered. This consideration is on a case by case basis and this will continue

i. To set up a £50k concepts fund to enable swift employment of consultants/architects etc to consider schemes for viability prior to any major investment

Response: Partially Accepted

It is often difficult to draft initial concept ideas without a budget. Concept development often involves architects and designers which are often bought in. A figure of £25k would suffice. It is important to note that the funding would be used to assess if the scheme was viable as opposed to a viability assessment. The two are very different with the latter requiring additional resources. For 2017/18 this can be funded from the contingency budget subject to Members’ agreement.

j. To explore further the plans/proposed scheme for the Old Brunel Engine Shed at the High Wycombe Railway Station

Response: Accepted

Officers have endeavoured to unlock the ownership constraint on the building. The engagement with Chiltern Railways and the Government (DfT) is slow and not very productive. The Council will continue to work to a resolution with partners. It is hoped to present a proposal to Members during the first quarter of 2017.
k. To support plan of future projects in the region of £20m* and remain aware of the conflict between future capital requirements and commercial schemes (*Officers to look into the further regeneration fund required for the next three years and apply appropriately to Cabinet, the £2m presently included in above £20m having been fully allocated for utilisation)

Response: Partially Accepted

The principle is well established and the Council continues to invest in its regeneration priorities. The Council recently increased the regeneration fund and the Major Projects Programme is to be considered by Cabinet.

l. To encourage the Buckinghamshire/Thames Valley Local Enterprise Partnership to implement the available Up-Skilling programmes for residents, in particular wards, where required

Response: Accepted

The Council is committed to the development of skills for residents in order to ensure employment for them. The Council will continue to do this, working with our partners including the LEP.

m. To seek what skills are required by holding an annual business meeting to seek business input to Regeneration and upskilling

Response: Partially Accepted

The Council will work with partners to determine who is best placed to lead on engagement with businesses in this regard. Engagement takes place at the moment and the recommendation will be considered within the existing framework.
REVISED CONSTITUTION FOR THE JOINT WASTE COLLECTION COMMITTEE

Cabinet Member:  Cllr Mrs Jean Teesdale

Wards Affected:  All

Officer contact:  Caroline Hughes  Ext:3701

Email: caroline_hughes@wycombe.gov.uk.

RECOMMENDATION TO COUNCIL

That:

(i)  the principle of extending the membership of the Chiltern and Wycombe Joint Waste Collection Committee (JWCC) to include South Bucks District Council be approved;

(ii) the draft amended Constitution and Terms of Reference appended to the report be approved and the final wording be delegated to the Head of Environment in consultation with the Head of Democratic, Legal and Policy Services and the Cabinet Member for Environment; and

(iii) provided each proposed constituent member authority of the extended JWCC, agrees the principle under recommendation (i) above, the Constitution and Terms of Reference as amended shall come into effect on a date to be advised by the Head of Democratic, Legal and Policy Services and be incorporated into the relevant section of each Council’s Constitution.

Reasons for Decision

The recommendation to extend the membership of the Joint Waste Collection Committee will allow for the most efficient management of the current waste contracts and will enable consideration to be given to a possible future joint procurement involving all three authorities.

Corporate Implications

1. The Council’s duty to provide waste services is set out in the Environmental Protection Act 1990.


3. There are no direct financial implications but the potential for future savings in the cost of the contracted out service will be explored at the appropriate time.
Sustainable Community Strategy/Council Priorities – Implications

4. The work of the service and Committee supports the Council’s Corporate Plan objectives

Executive Summary

5. Following the formation of a 3-way joint waste team between Chiltern DC, Wycombe DC and South Bucks DC in October 2016, the Chiltern and Wycombe Joint Waste Collection Committee has supported extending the existing Committee to include South Bucks DC and Cabinet’s agreement to this is sought.

Background and issues

6. The Chiltern and Wycombe Joint Waste Collection Committee (JWCC) was established at the end of 2012, following the award of the jointly procured contract for waste, recycling and street cleansing services.

7. The JWCC has monitored and managed the strategic aspects of the joint contract.

8. The officer team has, until recently, comprised a joint team of officers from Chiltern DC (CDC) together with officers from Wycombe DC (WDC), transferred to CDC under TUPE following the decision in 2012 that Chiltern would be the host authority for the joint waste team.

9. As part of the joint working arrangements between Chiltern and South Bucks, a review of the waste service has been carried out and a joint team to manage the overall service has been established under a new structure from October 2016.

10. Chiltern and Wycombe’s joint contract with Serco comes to the end of its first seven year period in March 2020 and South Bucks’ contract with Biffa comes to an end in 2021. There may be opportunities for considering a future joint procurement or working together by all three authorities, in which case, it will be necessary for strategic decisions to be discussed and made jointly. This would be greatly assisted by extending the current JWCC to include South Bucks.

11. For as long as there are two contracts in place there will be procedural requirements to keep separate any consideration of confidential matters relating to each current contract and decision making on each. The voting rights expressed in the draft constitution restrict the ability for Members of one Council to vote on issues relating to the existing contractual arrangements of the other Council/s.

12. There are many other waste related issues that are common to all three authorities and the JWCC could have delegated to it other functions related to municipal waste if desired.

13. The current JWCC has indicated its support for the membership to be extended to include South Bucks so the agreement of each constituent authority is required to progress the matter.

14. The draft constitution as amended is attached as Appendix A.

15. Although the terms of reference/powers of the JWCC refer to operational management of the waste contracts, the day to day management of the
contract and associated budgets are already delegated to the officers so that the role of the Members of the JWCC is in relation to overall strategic issues relating to waste.

16. Both CDC’s and SBDC’s Cabinets have already approved the recommendations, which had been subsequently agreed by CDC’s Council meeting and was going forward to SBDC’s Council meeting on 1 March 2017.

17. Due to the timings of the respective authorities’ meetings, it may be appropriate to commence the new arrangements in the new Council year.

Options

18. The membership of the JWCC could be left as it is currently but that could make it less efficient when it comes to consider future procurement possibilities involving South Bucks.

Consultation

19. No external consultation is appropriate.

Next Step

20. This report and the amended draft constitution will be presented to the Cabinets of each constituent authority for approval before coming into effect if so approved.

Background papers

Held in the Environment Service.
CONSTITUTION OF THE CHILTERN, SOUTH BUCKS AND
WYCOMBE COUNCILS JOINT WASTE
COLLECTION COMMITTEE

Chiltern District Council
Council Offices
King George V Road
Amersham
Bucks  HP6 5AW
THIS SUPPLEMENTAL AGREEMENT is made the day of 2017

BETWEEN

CHILTERN DISTRICT COUNCIL of King George V House King George V Road Amersham Bucks HP6 5AW of the first part

And

SOUTH BUCKS DISTRICT COUNCIL Capswood Oxford Road Denham Bucks UB9 4LH of the second part

And

WYCOMBE DISTRICT COUNCIL of Council Offices Queen Victoria Road High Wycombe Bucks HP11 1BB of the third part

DEFINITIONS AND EXPRESSIONS

<table>
<thead>
<tr>
<th>Definition/Expression</th>
<th>Meaning</th>
</tr>
</thead>
<tbody>
<tr>
<td>“the Inter District Authority Agreement”</td>
<td>The Inter District Authority Agreement entered into by Chiltern and Wycombe Councils on 17 December 2010 which sets out the principles and aims and objectives for the management and procurement of waste collection, recycling collection and street cleansing services in their administrative areas</td>
</tr>
<tr>
<td>“Chiltern”</td>
<td>Chiltern District Council</td>
</tr>
<tr>
<td>“the Serco Contract”</td>
<td>The contract jointly procured by Chiltern and Wycombe for waste collection, recycling collection and street cleansing services and related services in their administrative areas</td>
</tr>
<tr>
<td>“the Biffa Contract”</td>
<td>The contract procured by South Bucks for waste collection, recycling collection and street cleansing</td>
</tr>
</tbody>
</table>

Page 46
<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>services in the Council’s administrative area</td>
<td>The Chiltern, South Bucks and Wycombe Councils Joint Waste Collection Committee</td>
</tr>
<tr>
<td>“the Joint Committee”</td>
<td>Any of the participating Councils appointed by the Joint Committee in accordance with Article 13 hereof to take lead responsibility for any of the functions or activities more particularly described therein</td>
</tr>
<tr>
<td>“Lead Authority”</td>
<td>The Joint Working Principles and Objectives included at Schedule Two hereof which sets out the governing principles and key strategic aims of the Joint Committee</td>
</tr>
<tr>
<td>“Joint Working Principles and Objectives”</td>
<td>Any or all of the duties and powers of the participating Councils in relation to the collection recycling and disposal of waste or street cleansing</td>
</tr>
<tr>
<td>“municipal waste management functions”</td>
<td>Chiltern, South Bucks and Wycombe District Council</td>
</tr>
<tr>
<td>“the Councils”</td>
<td>South Bucks District Council</td>
</tr>
<tr>
<td>“South Bucks”</td>
<td>Wycombe District Council</td>
</tr>
<tr>
<td>“Wycombe”</td>
<td>Wycombe District Council</td>
</tr>
</tbody>
</table>

**WHEREAS**

(1) The Councils are the statutory waste collection authorities for household waste for their administrative areas and also have a range of duties and powers in relation to recycling and environmental cleansing and maintenance within their respective administrative areas.

(2) Being mindful of their duties and responsibilities to secure best value within the meaning of Section 3(1) of the Local Government Act 1999, and acknowledging
that joint arrangements have significant potential to reduce both administrative and service costs, the Councils have decided to work together.

(3) The Cabinets of Chiltern and Wycombe established a Joint Committee under an Agreement dated 19 December 2012 to monitor and manage the services provided under the Serco Contract, which was jointly procured.

(4) A joint officer team to manage the Serco contract was established by transferring officers from Wycombe to Chiltern.

(5) Chiltern and South Bucks have now completed a review of the staffing arrangements for the management of their waste collection and related services and have established a joint officer team with responsibility for the management of both the Serco and the Biffa contracts.

(6) The Councils acknowledge that their duty to secure best value can be advanced by extending the membership of the current Joint Waste Collection Committee to include South Bucks.

(7) The Councils have therefore resolved to enter into this Supplemental Agreement to extend the membership of the Joint Committee and to expressly declare the extent of the functions and responsibilities delegated to it.

NOW THIS DEED WITNESSETH as follows:-

1. **IN CONSIDERATION** of Section 101(5) of the Local Government Act 1972 and The Local Authorities (Arrangements for the Discharge of Functions) (England) Regulations 2000 (as amended) and Regulation 9 of the Local Authorities (Arrangements for the Discharge of Functions) (England) Regulations 2012 and all the statutory duties and powers vested in the Councils in this behalf it is hereby AGREED AND DECLARED as follows:-

   (1) That the Joint Committee as extended will come into existence on the ************** day of ************** 2017 and shall continue until dissolved in accordance with Article 15 hereof.

   (2) That as from the date of this Agreement the Constitution and Terms of Reference of the Joint Committee shall operate and be regulated by the Articles and Schedules hereof.

   (3) That during the continuance of this Agreement all actions initiatives projects and transactions entered into by the participating Councils at the direction of the Joint Committee shall be guided by the principles and aims as set out in Schedule Two hereof and shall be conducted in good faith in observance of the terms and spirit of this Agreement;

   (4) That nothing contained or incorporated in this Agreement shall be construed as creating a partnership in law.

**THE ARTICLES**

1. **Membership and Terms of Reference**
   
   The Membership and Terms of Reference of the Joint Committee shall be in accordance with the provisions set out in the Schedule One hereof.

2. **Term of Office**
(i) The term of office of the Cabinet/Executive members of the Joint Committee shall commence on the date of their appointment to the Joint Committee until the date that they cease to hold office as a member of the Cabinet/Executive that appointed them or cease to have portfolio responsibility for municipal waste management functions (whichever is earlier).

(ii) The term of office of the non-Cabinet/Executive members of the Joint Committee shall commence on the date of their appointment to the Joint Committee and continue for the term notified in writing to the Secretary to the Joint Committee (being a period of not less than twenty four (24) months).

3 Casual Vacancies

As soon as is practicable after a casual vacancy arises the Cabinet/Executive of the relevant participating Council shall appoint a replacement of the same rank as the member replaced who shall hold office for the remainder of the term of office of such replaced member.

4 Voting Rights

All members of the Joint Committee (or in their absence their duly appointed deputies, provided the deputy is also a Cabinet/Executive member) shall have the right to speak and vote, PROVIDED THAT members of Chiltern and Wycombe shall not have a right to vote in respect of the Biffa contract and members of South Bucks shall not have a right to vote in respect of the Serco contract.

5 Substitutes

Members of the Joint Committee shall be entitled to appoint a deputy to act on their behalf in the event that they are unable to attend a meeting of the Joint Committee provided notification of appointment is given to the Secretary to the Joint Committee in writing (including by electronic means) by not later than four o’clock on the working day preceding the meeting that the deputy will substitute for the member and thereon the deputy shall be entitled to attend that meeting only and (subject to the requirements relating to the declaration of interests contained in the Code of Conduct of the Council of which he is a member) shall be entitled to speak and (where eligible) vote on all items of business.

6 Minutes, Annual Report and Final Accounts

The Joint Committee shall meet on not fewer than three occasions in any municipal year and as soon as is practicable thereafter a copy of the minutes of the meeting shall be given to the members of the Committee and submitted to the Executive or Cabinet of each of the Councils. The Joint Committee shall also prepare and send an Annual Report on the discharge of its functions and powers to the Executive or Cabinet of each of the participating Councils as soon as practicable after the end of each financial year such report to include a copy of the final accounts for that year.
7 Procedural Rules

Meetings of the Joint Committee shall be conducted according to the rules of debate applicable for the time being to meetings of ordinary committees of Chiltern District Council as the same are from time to time set out in its Council Procedure Rules but subject to such minor modifications or amendments as are desirable or appropriate to facilitate the proper and efficient conduct of the business of the Joint Committee.

8 Venue for Meetings

Meetings shall be held at the principal offices of each of the Councils alternately on the date and at the time stated on the Agenda for the meeting.

9 Members’ Codes of Conduct

In the conduct of the business of the Joint Committee Members shall comply with the Code of Conduct for Elected and Co-opted Members adopted by the participating Council of which they are a Member.

10 Access to Information

Notwithstanding the provisions of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012, or any statutory modification or re-enactment thereof, the rights of the public to agendas, reports, background papers, meetings and the minutes of meetings of the Joint Committee shall be not less than that prescribed for meetings of Principal Councils by Sections 100A to E of the Local Government Act 1972 (as amended).

11 Powers of the Joint Committee

(i) The Joint Committee may exercise the following powers and duties of the participating Councils:

(a) overall responsibility for the management of the Serco and Biffa Contracts;

(b) agreeing any changes to the management of the said Contracts;

(c) making decisions on day to day operational issues, including approval of relevant expenditure;

(d) recommending the Waste Services Manager’s service plan and budget to the Councils

(e) ensuring that the collective objectives of the Councils, as set out in Schedule Two, are realised and implemented as agreed between them from time to time; and

(f) providing a forum for the resolution of any disputes between the Councils in connection with the procurement and management of the said Contracts

(g) overseeing the procurement, implementation and management of any replacement contracts in the future.

(ii) for the avoidance of doubt it is agreed that the following decisions will be reserved to the Councils and will not be delegated to the Joint Committee:
(a) decisions to authorise expenditure over budgeted amounts;
(b) changes to recycling policy;
(c) a decision to extend or terminate the Serco or Biffa Contracts;
(d) variations to the said Contracts which would lead to the Service Budget being exceeded;
(e) changes to the constitution of this Joint Committee;
(f) significant changes in service levels;
(g) overall resource allocation;
(h) significant restructure of the staff responsible for managing the said Contracts; and
(i) significant changes to the service package
(j) Variations of the apportionment of costs between the Councils

12 Scheme of Delegation to Officers

(i) Depending upon the extent of the powers and duties delegated to the Joint Committee it may from time to time resolve pursuant to Section 101(5) of the Local Government Act 1972 to make and publish a Scheme of Delegation to Officers to facilitate the effective operational management and delivery of any of the municipal waste management functions.

(ii) Notwithstanding the provisions of Article 12(i) hereof for the avoidance of doubt and subject only to any express limitation to the contrary in any Scheme of Delegation to Officers for the time being in force, Office Holders shall be deemed to have delegated authority to carry out such duties and responsibilities as are set out in the terms of their appointment or contracts of employment or are consistent with the duties and obligations imposed on them by any other of the terms of this Constitution.

13 Lead Authority

(i) Chiltern District Council has lead authority responsibility in that it shall carry out any or all of the following functions and activities in addition to those set out in the Inter District Authority Agreement:-

(a) to acquire and hold land buildings plant and equipment at the direction and for the use of the Joint Committee in respect of the Serco Contract;

(b) to insure and keep insured any such land and buildings (including any additions or extension thereto) and any plant and equipment held at the direction and for the use of the Joint Committee in respect of the Serco Contract in full re-instatement value with an insurer of good repute;

(c) to put and keep on foot such other insurances including public and employers liability insurance covering such insured risks, levels of cover and excesses as the Joint Committee acting reasonably consider prudent;
(d) Subject to being fully and effectually indemnified by Wycombe and South Bucks in proportions to be agreed, to appoint existing staff or where agreed, to employ and remunerate additional staff at the direction and for the use of the Joint Committee, including the appointment or employment of the following Office Holders to provide administrative and financial support to the Joint Committee:

- The Secretary; and
- The Treasurer;

(e) without prejudice to the generality of the foregoing, to provide or secure the provision of banking accountancy and audit facilities for the Joint Committee in accordance with best practice for the public sector and to provide or secure the provision of legal advice;

(f) at the direction and for the use of the Joint Committee (subject to the approval of the constituent Councils where necessary) to enter into contracts and agreements for works supplies and services; and

(g) to compile and publish any statistics or local or national performance indicators as the Lead Authority may be required by law to compile or publish in connection with any functions discharged for and on behalf of the Joint Committee.

(ii) For the avoidance of doubt the insurance employment and other necessary and incidental cost and expenses directly or indirectly incurred by Chiltern in the performance of the lead authority responsibilities shall be apportioned between the Councils in proportions to be agreed.

(iii) Where Chiltern enters into agreements or contracts for works supplies and services at the direction and for the use of the Joint Committee it shall utilise and comply with its own procurement and audit procedures, including its adopted Contract and Financial Procedure Rules subject only to any reference therein requiring officers to report to or obtain the approval or consent of the Council or the Cabinet/Executive being construed as if it were a reference to the Joint Committee.

14 Senior Officer Management Board

(i) In order to provide strategic level advice to the Joint Committee a Board shall be formed known as the Senior Officer Management Board which will consist of the Officers of the Councils with overall responsibility for municipal waste management functions.

(ii) Members of the Senior Officer Management Board shall be entitled to appoint a standing deputy to act on their behalf in the event that they are unable to attend a meeting of the Board and thereon the standing deputy shall be entitled to attend that meeting only.

(iii) The Chief Executives of Chiltern and South Bucks and Wycombe and the Section 151 Officers and Monitoring Officers of the Councils shall be entitled to attend meetings of the Senior Officer Management Board.
(iv) The Secretary and Treasurer to the Joint Committee and the Waste Services Manager shall report to and be subject to the direction and control of the Senior Officer Management Board.

15 Withdrawal or Dissolution

(i) South Bucks may withdraw from the Joint Committee on giving to the other Councils not less than 6 months prior notice in writing, such notice to expire on 31 March in any year PROVIDED THAT this Clause shall expire if a contract is awarded jointly by all three Councils;

(ii) Neither Chiltern nor Wycombe may withdraw from the Joint Committee until the Serco Contract is terminated or expires, from which time until any award of a contract jointly by all three Councils, either Chiltern or Wycombe may withdraw from the Joint Committee on giving to the other Councils not less than 6 months prior notice in writing, such notice to expire on 31 March in any year.

16 Liabilities on Withdrawal

Should the Joint Committee be dissolved the Councils shall remain liable to pay or contribute their share of any previously agreed and committed expenditure.

17 Arbitration

All disputes or differences between the Councils concerning the interpretation or application of these Articles that cannot be resolved by mutual agreement shall be referred to an independent Arbitrator appointed by the parties or in default of agreement by the President for the time being of the Law Society. The Arbitration will be conducted in accordance with the Arbitration Act 1996 and the arbitrator will act as an expert whose award shall be binding on the parties.

18 Variations

Any variations to these Articles or the Terms of Reference set out in Schedule One shall be agreed by the Executive or Cabinet of each of the Councils and be recorded in writing.

IN WITNESS whereof the participating Councils have caused this Agreement to be executed as a Deed the day and year first before written
**General**

A joint committee established by Chiltern District Council, South Bucks District Council and Wycombe District Council (“the Councils”) to consider reports from the officers and advise the respective Cabinets of the Councils concerning the management of waste collection, recycling collection and street cleansing services and related services in the Councils’ administrative areas.

**Membership, Chairmanship and Quorum**

<table>
<thead>
<tr>
<th><strong>Number of Members</strong></th>
<th>Six – an executive member from each Council with responsibility for waste management and one further member from each Council</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Substitute Members Permitted</strong></td>
<td>Executive Members have the right to appoint deputies by giving notice to that effect to the Secretary to the Joint Committee</td>
</tr>
<tr>
<td><strong>Political Balance Rules apply</strong></td>
<td>No</td>
</tr>
<tr>
<td><strong>Appointments/Removals from Office</strong></td>
<td>By a resolution of the Cabinet/Executive of the participating Councils</td>
</tr>
<tr>
<td><strong>Term of Appointment</strong></td>
<td>In respect of a member who is a Cabinet/Executive member, from the date of appointment to the date that they cease to hold office as a Cabinet/Executive member or cease to have portfolio responsibilities for waste related functions. For all other members their term shall begin on the date of appointment and continue for the term notified to the Secretary to the Joint Committee by the appointing participating Council (being not less than twenty four months in duration).</td>
</tr>
<tr>
<td><strong>Restrictions on Membership</strong></td>
<td>One appointee from each participating Council must be the Cabinet/Executive member with portfolio responsibility for waste related functions and the second appointee should be a non-Cabinet/Executive member. Non-Cabinet/Executive members should not</td>
</tr>
</tbody>
</table>
be a member of an Overview and Scrutiny Committee whose terms of reference include the review and scrutiny of municipal waste management functions.

<table>
<thead>
<tr>
<th>Restrictions on Chairmanship/Vice-Chairmanship</th>
<th>Appointments shall be for a maximum period of two years. The chairmanship and vice chairmanship shall rotate between the Councils.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Restrictions on Voting</td>
<td>All members of the Joint Committee (or in their absence their duly appointed deputies, provided the deputy is also a Cabinet/Executive member) shall have the right to speak and vote, PROVIDED THAT members of Chiltern and Wycombe shall not have a right to vote in respect of the Biffa contract and members of South Bucks shall not have a right to vote in respect of the Serco contract. The Chairman has a casting vote.</td>
</tr>
<tr>
<td>Quorum</td>
<td>Three – provided that an executive member from each Council is present</td>
</tr>
<tr>
<td>Number of ordinary meetings per Council Year</td>
<td>Minimum of three</td>
</tr>
</tbody>
</table>

**Terms of Reference**

To exercise the following duties and powers in relation to management and procurement of waste collection, recycling collection and street cleansing services and related services (but only to the extent unanimously delegated to it by the participating Councils in accordance with the terms of the Constitution of the Joint Committee):

(a) overall responsibility for the management and monitoring of contract/s for waste collection, recycling collection and street cleansing services and related services;

(b) agreeing any changes to the scope of the management of such contracts;

(c) making decisions on day to day operational issues, including approval of relevant expenditure;

(d) recommending the Waste Services Manager’s service plan and budget to the Councils

(e) ensuring that the collective objectives of the Councils in relation to waste services are realised and implemented as agreed between them from time to time; and
(f) providing a forum for the resolution of any disputes between the Councils in connection with the management of the Serco and Biffa Contracts;

(g) overseeing the procurement, implementation and management of any replacement contracts in the future;

(h) exercising any other functions in relation to municipal waste management from time to time delegated to it.

**Delegations**

Provided the participating Councils unanimously agree to the exercise by the Joint Committee of any function or activity falling within these Terms of Reference such function or activity is fully delegated.

**Notes**
Schedule Two

Joint Working Principles

1 Each Council will co-operate with and give reasonable assistance to each other to provide information and inputs efficiently and economically as is required to successfully develop and operate their municipal waste management functions.

2 Each Council will ensure that its Council Representative complies with the principles of the Project in order to achieve the Objectives set out below.

3 Each Council will provide to the Joint Waste Collection Committee or any auditor appointed by the Joint Waste Collection Committee any information that is required in respect of any audit or inspection carried out in relation to the Services.

4 The Councils will work together to overcome any conflicts between the various other contracts dealing with recyclate.

5 The Councils are committed to making the strategic planning and development of the Services as transparent as possible to each other and to the public as a whole.

6 The Councils recognise the importance of consultation and liaison on issues concerning the Services and commit themselves to the principle of consultation in the widest sense, both with themselves and the community, on any significant issue which will impact upon those receiving waste related services within the Councils’ administrative areas.

7 In the event of any retendering, each Council agrees to disclose such information relating to the Services as may be reasonably required for the purpose of conducting a due diligence exercise to any proposed new contractor its advisers and lenders.

8 The Councils agree that communications and media output will be in line with the Joint Communications Strategy as reviewed and agreed from time to time.

Objectives

9 The District Councils are members of the Waste Partnership for Buckinghamshire which includes Buckinghamshire County Council. The overarching ‘vision’ of the Partnership is to facilitate the effective planning and delivery of municipal waste management functions and services in Buckinghamshire.

10 The Councils will use innovative solutions to:

(a) meet or exceed local and national waste recycling targets (specified below)
(b) offer the highest standards of customer satisfaction
(c) meet or exceed environmental/ sustainability standards
(d) keep costs to the local authorities to a minimum
(e) deliver appropriate customer contact arrangements to support the services

The Common Seal of Chiltern
District Council was hereunto affixed
in the presence of:

Chairman

Chief Executive

The Common Seal of South Bucks
District Council was hereunto affixed
in the presence of:

Chairman

Director of Resources

The Common Seal of Wycombe
District Council was hereunto affixed
in the presence of:

Chairman

District Solicitor
A LOCAL AUTHORITY LOTTERY FOR WYCOMBE DISTRICT

Cabinet Member: Councillor Mrs Julia Adey

Wards Affected: All

Officer contact: Elaine Jewell Ext:3800

Email: elaine.jewell@wycombe.gov.uk

RECOMMENDATION TO COUNCIL

That:
(i) the establishment of a local lottery be approved;
(ii) the preferred option to appoint an External Lottery Management (ELM) be approved and the appointment of Gatherwell Ltd be progressed; and
(iii) the Head of Community Services and Commissioning Team Leader be appointed to hold the licence and submit the necessary application to the Gambling Commission.

Reason for Decision

To enable local good causes to ‘self help’ by gaining access to additional funding opportunities presented by a new community lottery for Wycombe District.

Corporate Implications

1. The operation of lotteries (excluding the National Lottery) is regulated by the Gambling Act 2005. Local Authorities may run “local authority lotteries” to raise funds to cover anything for which they have the power to incur expenditure. All local authority lotteries must be licensed by the Gambling Commission, which was set up as the regulatory body under the 2005 Act. The licensing regime includes the need for a Personal Management Licence (PML) held by an individual within the organisation as well as an Operating Licence.

2. The Gambling Commission has issued statutory guidance. This confirms that local authority lotteries must apply a minimum of 20% of the gross proceeds for any purpose for which it has power to incur expenditure, up to a maximum of 80% of the proceeds may be divided between prizes and expenses, and the maximum value of tickets that can be sold in a single lottery is £4 million. The maximum aggregate value of lottery tickets that can be sold in a calendar year is £10 million, the maximum prize in a single lottery is £25,000 or 10% of the gross ticket sales (whichever is greater) and rollovers are permitted provided the maximum single prize limit is not breached.

3. Local authority lotteries may employ an external lottery manager (ELM) to run all or part of their lottery, and ELMs must also be licensed by the Gambling Commission.

4. The appointment of an ELM will need to be formalised by entry into a contract.
Executive Summary

5. This report is to consider setting up a local lottery to benefit local community groups and charities and generate new funding for the local Voluntary and Community Sector (VCS).

6. Faced with central government austerity, the Council has been innovative in seeking ways to achieve its ambitions. In this respect, the development of a local authority lottery has recently been proven in a number of other councils as mentioned below and would be suited to the District. Funding raised for local good causes would compensate for the reduction in Council grant funding that has been necessary in recent years and which is likely to continue for the foreseeable future.

Sustainable Community Strategy/Council Priorities - Implications

7. The Lottery supports the Corporate Strategy’s priorities of People, Place and Pounds:
   - Place – an opportunity to increase funding for local good causes
   - People – creating the opportunity for local people to give to local causes
   - Pounds – increasing funding for local good causes at a time when Council funding is diminishing

Background and Issues

8. Lotteries have long been a way for smaller organisations to raise income. They are regulated by the Gambling Act 2005. There are different types of lotteries available; this proposal falls within the category of ‘society lotteries’.

9. Society lotteries are promoted for the benefit of a non-commercial society. A society is non-commercial if it is established and conducted:
   - For charitable purposes
   - For the purpose of enabling participation in, or of supporting, sport, athletics or a cultural activity
   - For any other non-commercial purpose other than that of private gain

10. There are two variants of society lotteries, the main difference being who issues the licence (local authorities permit small lotteries and the Gambling Commission permits large lotteries).

   A large society lottery:
   - Has proceeds that exceed £20,000 for a single draw
   - Has aggregate proceeds from lotteries in excess of £250,000 in any one year

   A small society lottery:
   - Does not have proceeds that exceed £20,000 for a single draw
11. This proposal is to establish a ‘large society lottery’ the same as recently introduced by other local authorities including Aylesbury Vale, Portsmouth City Council, Melton Borough Council and Gloucester City Council. The ticket price will be £1, in line with the national and council run lotteries and the figures contained in this report are based upon this value. For information the Council has previously run its own lottery, prior to the introduction of the National Lottery.

12. A local lottery such as the one proposed has a set of aims and unique selling point (USP) that resonates with players. This is because the scheme will focus on:

- Delivering the proceeds locally – A District wide lottery that delivers benefits only to local causes, unlike any other provider – players can be assured that the proceeds will stay in the District.
- Maximising benefits to the community – To bolster support and to help in continuing the good work WDC already does, there is a significant benefit being delivered to the VCS. The proposal in this report has 60% of proceeds being given to good causes, with minimal cost to WDC.
- Minimising costs – The appointment of an External Lottery Manager with a tried and tested digital platform enables the scheme to be largely self-financing.
- Delivering winners locally – whilst anyone can play, it is likely that players will be locally based and hence it is easier to maximise the value from winners’ stories and thereby encourage more participation
- Facilitating a wider benefit – whilst the lottery will help current funding of good causes, it will also enable local good causes to fundraise in partnership with WDC and hence enables the Council to help good causes to help themselves. It will also enable access to lottery-type funding which may have been not accessed due to barriers such as licensing, administration or ability to support such an endeavour.
- Helping to shift residents’ perceptions - of what WDC can do, and is here for, in line with a commercial approach taking the authority from provider to enabler.

13. Aylesbury Vale District Council (AVDC) has developed a successful community lottery and offers support to other councils interested in developing similar lotteries. Working with AVDC means that the lottery can be in place up to 9 months earlier with corresponding benefits for local good causes and a sharing of expertise and good practice as well as cost effective use of resources. Following procurement AVDC appointed Gatherwell Ltd as the External Lottery Manager. It is more cost effective for one operator to provide services to a number of lotteries than it is for each council to establish its own lottery team and systems to process multiple small financial transactions and route them to any number of local good causes. In AVDC’s case they developed with Gatherwell all the relevant systems and processes and hold the intellectual property in the product. By using Gatherwell WDC can use the same system, otherwise WDC would need to appoint a contractor to develop a system that
delivered similar outcomes without using any copyright products, processes or systems.

Gambling Responsibly

14. Lotteries are the most common type of gambling activity across the world, and considered to be a ‘low risk’ form with respect to the emergence of problem gambling. This is due to its relatively controlled form. The proposed Lottery scheme will help mitigate against many of the issues related to addictive gambling by:

- Being only playable via direct debit and by pre-arranged sign up
- There is no ‘instant’ gratification or ‘instant reward’ to taking part
- There will be no ‘high profile’ activity surrounding the draw
- The Lottery website will contain a section providing links to gambling support organisations.

15. Due to these factors a WDC Lottery will not significantly increase problem gambling, and the benefits to good causes in the District from the proceeds of the lottery balances possible negative issues.

Resource implications

16. The implementation of the scheme will require a one off fee to Gatherwell Ltd to set up the WDC Lottery digital platform. Licencing fees will be in the region of £1,000 and some marketing resource of c£2,000 will also be required. These costs will be met from existing Community Services budgets.

17. Until the level of funds being raised is known it is difficult to anticipate how much may be generated. The lottery will allow participants to contribute to a general fund if they have no particular cause they wish to support. This fund will be administered by WDC and will complement existing grant funding.

The lottery is likely to divide its pool as follows:

- 60% to good causes
- 20% to the prize fund
- 16% to the ELM for administration and management
- 4% VAT

Consultation

18. Aylesbury Vale District Council has been working closely with WDC to assist in the development of a local Community Lottery. Implementation of the proposal will involve extensive consultation and communication with local voluntary and community organisations.
Options

19. **DO NOTHING:** Status quo with no lottery in place. Over time this will see discretionary funding come under increasing pressure with no viable alternative other than further reductions. The opportunity would be lost to increase the range of local good causes supported and overall grant funding.

20. **DELIVER IN HOUSE:** This option would involve bringing in the necessary posts and systems to run a lottery in house. It is not thought that this has been attempted in any other local authority – costs are estimated to be in the region of £80-100k for set-up costs and there would be ongoing revenue costs for a full time lottery manager and the necessary development of software systems to enable the lottery to run. While WDC would be an innovator if it adopted this approach the ready availability of an off the shelf solution is more cost effective and reduces risk. Distancing the Lottery from the Council to this extent may also increase resident willingness to purchase tickets as there may be a reluctance to give money to WDC when residents already pay council tax.

21. **DELIVER THROUGH EXTERNAL PROVIDER:** This option would see a partnership with an existing deliverer of lotteries in the market place (an External Lottery Manager – ELM). This in effect means ‘buying into’ an existing lottery manager’s products and established expertise. The Council would be commissioning experts in the field to run our lottery which would be much lower risk – less chance of malfunctioning, legal errors etc. The ELM would take care of complexities such as around lottery licences etc. This would be less costly though it should be noted that the ELM will take a percentage of the ticket price. This is the recommended option.

Conclusions

22. Cabinet is asked to support the proposal to deliver a Community Lottery for Wycombe District to enable local good causes to be supported by local residents.

Next Steps

23. Following agreement by Cabinet and Council next steps will be as follows.

- Apply for a license from the Gambling Commission
- Contract with Gatherwell Ltd
- Develop and implement a communications plan
- Test the system
- Launch the lottery

**NOTE** The launch date/sale of tickets will be dependent on the speed of the Gambling Commission in processing the licence application. Normally this takes 8 – 10 weeks although their stated turnaround time is up to 16 weeks.

Background Papers

To see how the lottery could work please visit [www.valelottery.co.uk](http://www.valelottery.co.uk)
INFORMATION SHEETS
To receive the following Information Sheet circulated since the last meeting:

03/2016: Minutes of the meeting of the Chiltern & Wycombe Joint Waste Collection Committee – 29 September 2016

FILE ON ACTION TAKEN UNDER DELEGATED AUTHORITY

SUPPLEMENTARY ITEMS (IF ANY)

URGENT ITEMS (IF ANY)
Notification of Items expected to be taken in exempt session, as required by access to information requirements.

The meeting will be asked to resolve that the Press and Public be excluded from the meeting during consideration of the following items as they contain exempt information as defined in Regulation 4(2)(b) of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012, more particularly as follows:-

**Item 15 Contract Extension for Green Spaces Contract**

Information relating to the financial or business affairs of any particular person (including the authority holding that information) (Paragraph 3, Part 1 of Schedule 12A, Local Government Act 1972)

[The need to maintain the exemption outweighs the public interest in disclosure, because disclosure could prejudice the Council’s position in any future tender process or negotiations]

**Item 16 File on Action taken under Exempt Delegated Powers**

**Economic Development and Regeneration Sheet Nos:** EDR/77/16 – EDR/83/16

EDR/01/17 – EDR/03/17

**Finance Sheet No:** F/2/16

Information relating to the financial or business affairs of any particular person (including the authority holding that information) (Paragraph 3, Part 1 of Schedule 12A, Local Government Act 1972)

[The need to maintain the exemption outweighs the public interest in disclosure, because disclosure could prejudice the Council’s position in any future tender process or negotiations]
Agenda Item 15.

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

Document is Restricted
FILE ON EXEMPT ACTIONS TAKEN UNDER DELEGATED AUTHORITY
EXEMPT SUPPLEMENTARY ITEMS (IF ANY)
EXEMPT URGENT ITEMS (IF ANY)